Industrial Machinery Business

Business Overview

The Industrial Machinery Business is involved in operations related to two product categories, namely industrial machinery bearings and precision machinery and parts. The industrial machinery bearings business comprises three subsegments: general machinery, which manufactures bearings for applications in a wide range of industries such as machine tools, steel plant facilities, railcars, construction machinery, chemical plants, industrial pumps and wind turbines; electrical and IT equipment, which includes home appliances, office equipment, hard disk drives (HDDs) and general-purpose motors; and the aftermarket business, which provides maintenance and repair services. Industrial machinery bearings come in a range of sizes, from bearings with an outer diameter of approximately 2 mm that are incorporated into ultra-small motors to bearings with an outer diameter of more than 2 m that are utilized in wind turbines. The typical household contains around 100 bearings, which are used in general appliances such as vacuum cleaners and washing machines.

Meanwhile, the precision machinery and parts business supplies linear motion parts including ball screws and NSK Linear Guides™ that play an important role in linear motion and mechatronic products such as XY Tables and MEGATORQUE MOTOR™ that employ ultra-high precision positioning and controlling technologies. In this way, the Company supports a wide range of fields, including machine tools, injection molding machines, industrial robots, semiconductor and LCD production equipment, conveying machines and medical devices.

Leveraging the synergistic effect of bearings and precision machinery, NSK is also developing new proposals that will contribute to the greater performance of industrial equipment, as well as sophisticated solutions based on CMS (Condition Monitoring System) for greater machinery and equipment reliability and for preventive maintenance.

Specific Features of the Industrial Machinery Business

Customers
- Machinery manufacturers in Japan and overseas (excluding automotive), distributors and sales outlets
- Large number of customers, wide range of products

Features of Customers and NSK Businesses
- Products for use in general machinery are produced in small lots and many varieties, whereas products for electrical and IT equipment are mass produced (large volumes of standardized products).
- Products for use in general machinery and the aftermarket include large products with relatively long lead times.
- The aftermarket mainly consists of demand from end users of general machinery for maintenance and repair of facilities and equipment. It also includes sales of standardized products through distributors. In partnership with distributors, it is important to avoid lost opportunities by maintaining appropriate inventory levels to ensure immediate delivery.

NSK’s Competitive Advantages
- Extensive product lineup as a comprehensive manufacturer
- Technological capabilities based on our Four Core Technologies plus One
- Accumulated expertise in customer needs and technology for a wide range of industries and applications
- Manufacturing, supply and technical support capabilities delivered via a global network

Industrial Machinery Bearings

Sales

¥210.3 billion
(Year ended March 31, 2019)

Electrical and IT Equipment 19%

Aftermarket
(Maintenance) 39%

General Machinery
OEM 42%

Precision Machinery and Parts

Sales

¥59.7 billion
(Year ended March 31, 2019)

Semiconductor and LCD Production Equipment 25%

Machine Tools and Injection Molding Machines 35%

Other 40%

* Refer to P. 15 for information on the shared features of the Industrial Machinery Business and the Automotive Business.
Industrial Machinery Business
Features of Customers and NSK Businesses

Customers

NSK

39 % General Machinery

Business Activities Report contains around 100 bearings, which are used in general appliances, ultra-small motors to bearings with an outer diameter of more than 10 mm.

Industrial machinery includes home appliances, office equipment, hard disk drives (HDDs) and machine tools, which manufactures bearings for applications in a wide range of industries such as machine tools, steel plant facilities, automobiles, and precision machinery and parts. The industrial machinery business comprises three subsegments: general and precision machinery, and parts. The industrial machinery business also includes bearings business, which provides maintenance and repair services. NSK provides a range of bearings, precision machinery, and linear motion parts.

Mutual projection to two product categories, namely industrial machinery bearings and precision machinery and parts. The industrial machinery business comprises three subsegments: general and precision machinery, and parts. The industrial machinery business includes bearings business, which provides maintenance and repair services. NSK provides a range of bearings, precision machinery, and linear motion parts.

The aftermarket mainly consists of demand from end users of general machinery for maintenance and repair of facilities. The aftermarket mainly consists of demand from end users of general machinery for maintenance and repair of facilities.

Products for use in general machinery and the aftermarket include large products with relatively long lead times. Although sales in the wind power sector rose in China, sales decreased due to an increase in the aftermarket, wind power and machine tool sectors. NSK and other Asian countries sales increased, primarily in India. As a result, sales in the Industrial Machinery Business totaled ¥269,974 million (a year-on-year increase of 1.4%), operating income totaled ¥32,887 million (a year-on-year increase of 16.1%) and the operating income margin reached 12.2%.

The year ended March 31, 2019 saw strong demand for the Company’s products continued through the first half of this period in response to increased capital expenditures in IoT, automation and labor-saving measures. The second half of this period saw demand transition to a period of adjustment with the manifestation of impacts from the US-China trade dispute. For the full period, however, a positive first half contributed to securing higher sales and profits year on year. In addition to higher sales, the results of cost reductions and pricing policies helped lead the operating income margin to recover to the 12% level.

Looking at the segment’s results by geographic breakdown, sales in Japan increased, primarily in the aftermarket sector, despite the negative impact of a slowdown in the smartphone-related market. In the Americas, despite strong demand from sectors including medical equipment, sales declined due to depreciation of emerging countries’ currencies, including the Brazilian real. Sales in Europe decreased due to a decline in the electrical sector, including home appliances, although sales in the wind power sector rose. In China, sales grew due to an increase in the aftermarket, wind power and machine tool sectors, despite weaker sales in the electrical sector, including electric tools and motors. In other Asian countries sales increased, primarily in India.

As a result, sales in the Industrial Machinery Business totaled ¥269,974 million (a year-on-year increase of 1.4%), operating income totaled ¥32,887 million (a year-on-year increase of 16.1%) and the operating income margin reached 12.2%.

The business environment for the upcoming period also holds risks for a global economic slowdown, including US-China trade friction and the UK’s withdrawal from the European Union. As such, the future outlook remains unclear. However, capital expenditures delayed during this period are expected to recover from the second half of the upcoming period, with sales for the year ending March 31, 2020 anticipated to total ¥265,000 million (a year-on-year decrease of 1.8%), operating income to total ¥29,000 million (a year-on-year decrease of 11.8%) and the operating income margin to reach 10.9%.

In this business, the Company will continue to flexibly address changes in demand trends. Moreover, as social needs for IoT, robotics and renewable energy increase, the Company is working to expand its mid- to long-term presence in the market and expand businesses that add to sales by building a new business foundation that addresses these growth areas.