



FINANCIAL CONFERENCE

Consolidated Business Results and Forecast

November 5, 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 Six Months Ended September 30, 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 Six Months Ended September 30, 2014

Business Environment

✓ Industrial Machinery Business:

Gradual recovery trend continued overall despite differences among sectors

✓ Automotive Business:

Japan: Impact of consumption tax increase within assumptions

U.S.: Continued steady demand

China: Differences in performance among automakers

✓ Depreciation of the Japanese yen continued

Summary of Business Results

✓ Sales ¥464.4 billion (YOY +12.3%), Operating income ¥40.7 billion (YOY +41.7%), Ordinary income ¥40.9 billion (YOY +45.4%), Net Income ¥25.9 billion (YOY +75.5%)

-1H Actual: YOY increase in both net sales and operating income

-Records for net sales, operating income, ordinary income, and net income

✓ Results by Business Segment

-Industrial Machinery Business: YOY increase in both net sales and operating income due to higher demand for machine tools, railways etc.

-Automotive Business: YOY increase in both net sales and operating income, 1H results reached record levels

Summary of Consolidated Business Results for the Six Months Ended September 30, 2014



(Billions of yen)	FY2013 1 st half <Actual>	FY2014 1 st half <Actual>	Increase/ Decrease YOY	Difference YOY	FY2014 1 st half <Jul. revised forecast>
Net sales	413.6	464.4	+50.8	+12.3%	460.0
Operating income <%>	28.8 <7.0%>	40.7 <8.8%>	+12.0	+41.7%	41.0 <8.9%>
Ordinary income	28.1	40.9	+12.8	+45.4%	40.0
Income before tax	24.8	37.9	+13.2	+53.1%	40.0
Net income	14.7	25.9	+11.1	+75.5%	28.0
(Exchange rate: US1\$=)	(¥98.85)	(¥103.04)			(¥101.08)
(Exchange rate: 1EURO=)	(¥130.00)	(¥138.92)			(¥137.54)

【Major indexes】

ROE	8.9%	13.8%			
Net D/E ratio (times)	0.46	0.40			
Inventory turnover (times)	6.6	6.7			

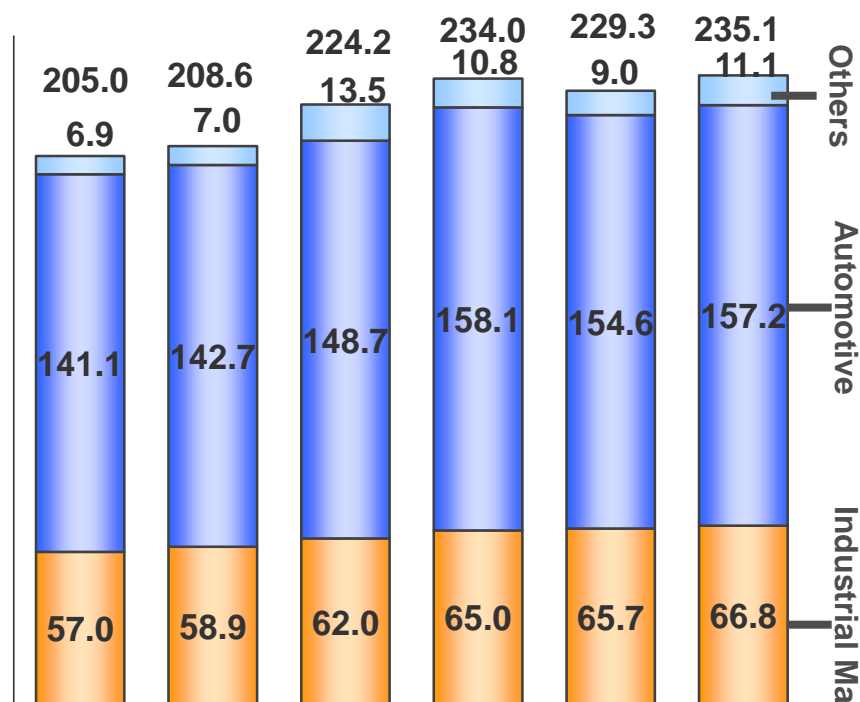
Quarterly Business Performance



Sales

Gradual recovery trend in the industrial machinery business continued. Sales in the Automotive business expanded, driven by strong North American and Chinese markets.

(Billions of yen)

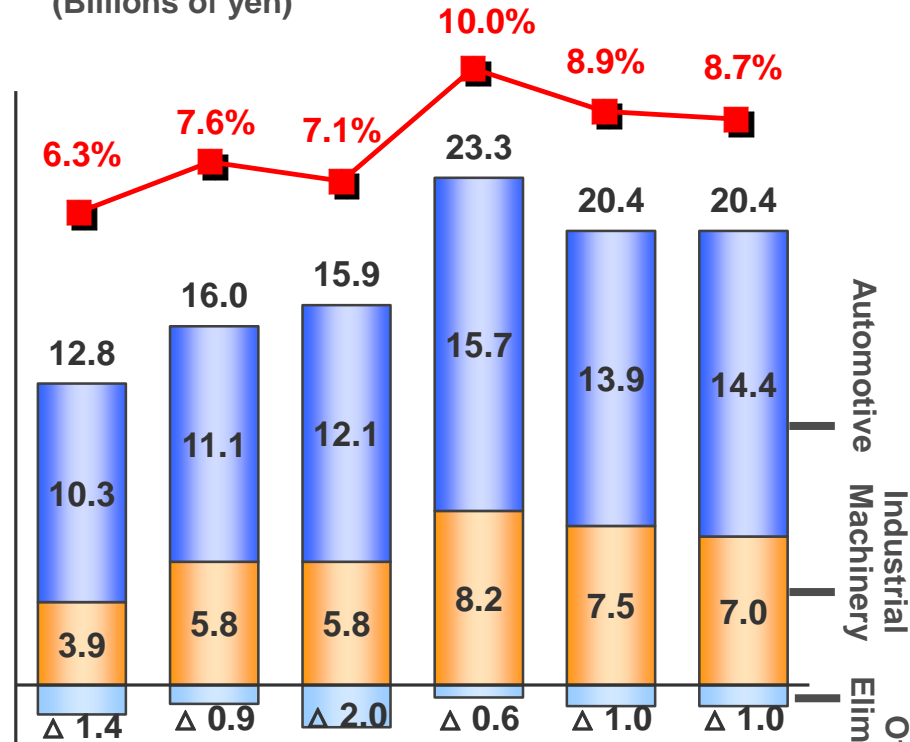


US\$=	¥98.76	¥ 98.94	¥100.47	¥102.79	¥102.16	¥ 103.92
EURO=	¥128.95	¥131.05	¥136.69	¥140.79	¥140.07	¥137.77

Operating Income / Margin

Although 2Q overall operating income increased significantly YOY, it was level with 1Q performance. 2Q margin exceeded 8.5%.

(Billions of yen)



US\$=	¥98.76	¥ 98.94	¥100.47	¥102.79	¥102.16	¥ 103.92
EURO=	¥128.95	¥131.05	¥136.69	¥140.79	¥140.07	¥137.77

Results by Business Segment

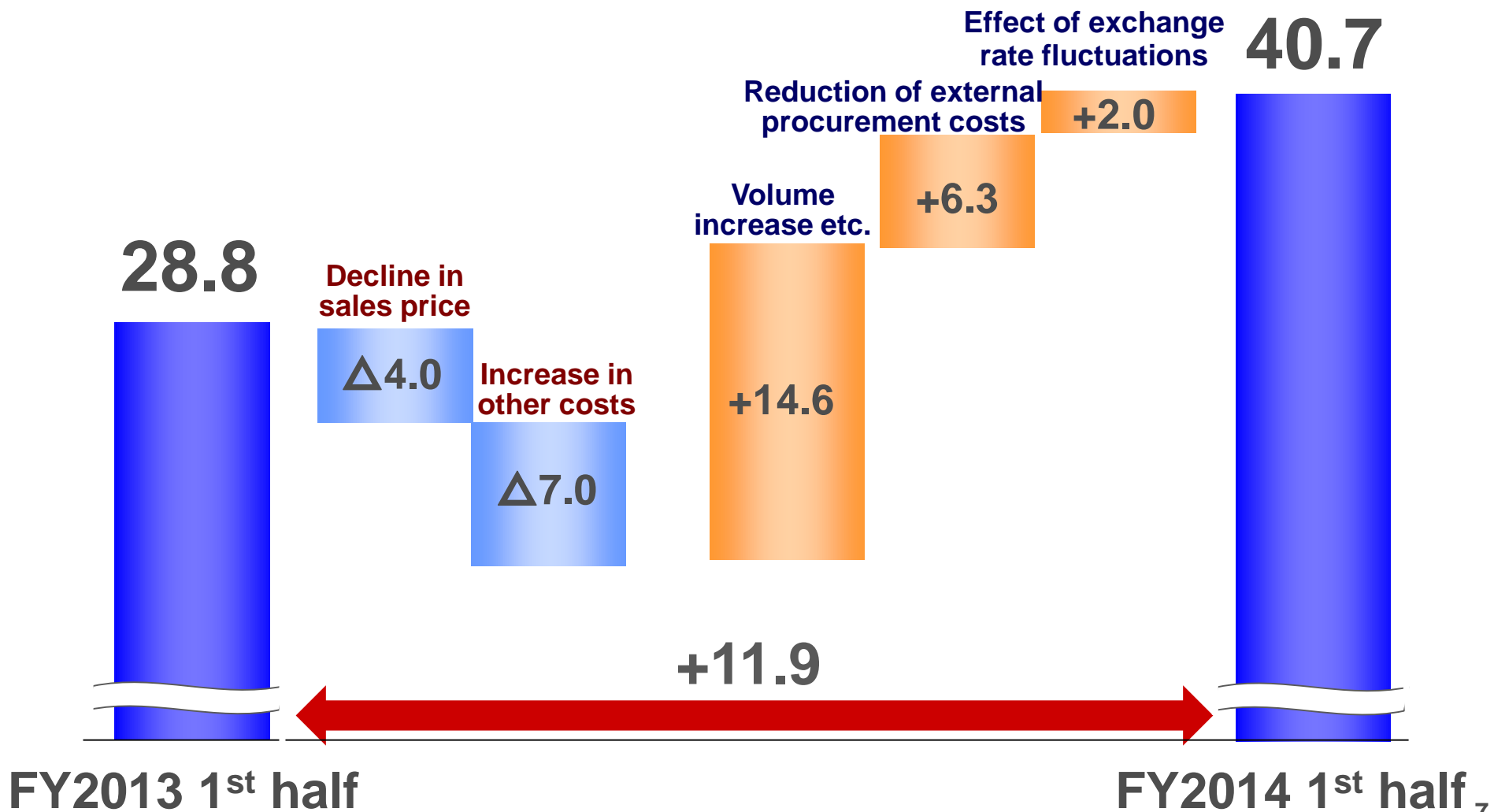


(Billions of yen)	FY2013 1 st half <Actual>	FY2014 1 st half <Actual>	Increase/ Decrease YOY	Difference YOY	FY2014 1 st half <Jul. revised forecast>
Net sales	413.6	464.4	+50.8	+12.3%	460.0
Industrial machinery business	115.9	132.5	+16.6	+14.3%	132.0
Industrial machinery bearings	98.5	111.7	+13.2	+13.4%	111.5
Precision machinery and parts	17.4	20.9	+3.4	+19.7%	20.5
Automotive business	283.8	311.8	+28.0	+9.9%	309.5
Automotive bearings	135.2	146.3	+11.1	+8.2%	146.0
Automotive components	148.6	165.5	+16.9	+11.3%	163.5
Others	27.3	34.8	+7.5	+27.7%	32.0
Eliminations	-13.4	-14.7	-1.3	-	-13.5
Operating income	28.8 <7.0%>	40.7 <8.8%>	+12.0	+41.7%	41.0
Industrial machinery business	9.7 <8.4%>	14.5 <10.9%>	+4.8	+49.3%	15.5
Automotive business	21.4 <7.6%>	28.2 <9.1%>	+6.8	+31.7%	27.5
Others	1.4 <5.1%>	2.2 <6.2%>	+0.8	+53.8%	2.0
Eliminations/Corporate	-3.7	-4.1	-0.3	-	-4.0

Operating Income: Factors Behind Increase (FY2013 1st half \Rightarrow FY2014 1st half)

NSK

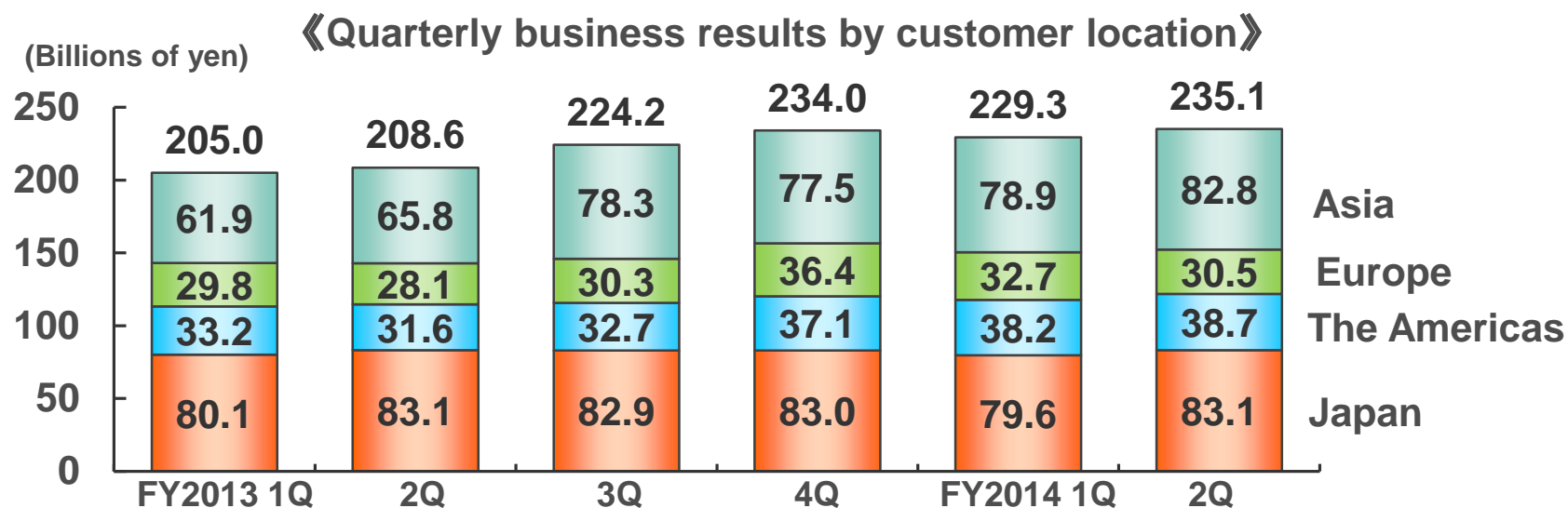
(Billions of yen)



Business Results by Customer Location



(Billions of yen)	FY2013 1 st half <Actual>	FY2014 1 st half <Actual>	Increase/ Decrease YOY	Difference YOY
Net sales	413.6	464.4	+50.8	+12.3%
Japan	163.2	162.6	-0.6	-0.3%
Non-Japan	250.4	301.7	+51.3	+20.5%
(Non-Japan ratio)	(60.5%)	(65.0%)		
The Americas	64.8	76.8	+12.0	+18.6%
Europe	57.9	63.3	+5.4	+9.3%
Asia	127.7	161.7	+34.0	+26.6%
China only	70.1	96.5	+26.4	+37.6%
(China only)	(17.0%)	(20.8%)		



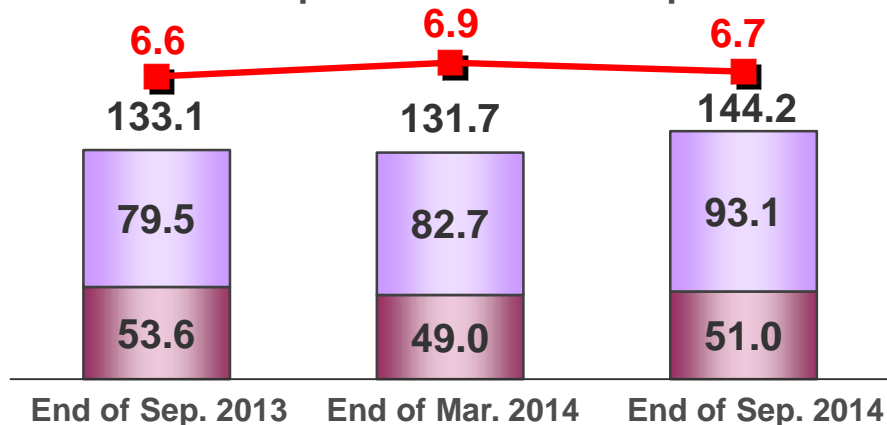
Inventories / Interest-Bearing Debt, Capital Expenditure / Depreciation and Amortization



Inventories

(Billions of yen)

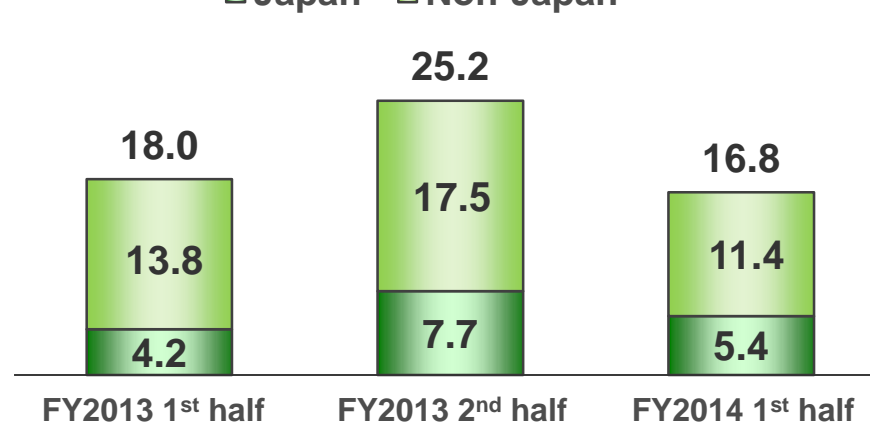
Japan Non-Japan



Capital Expenditure

(Billions of yen)

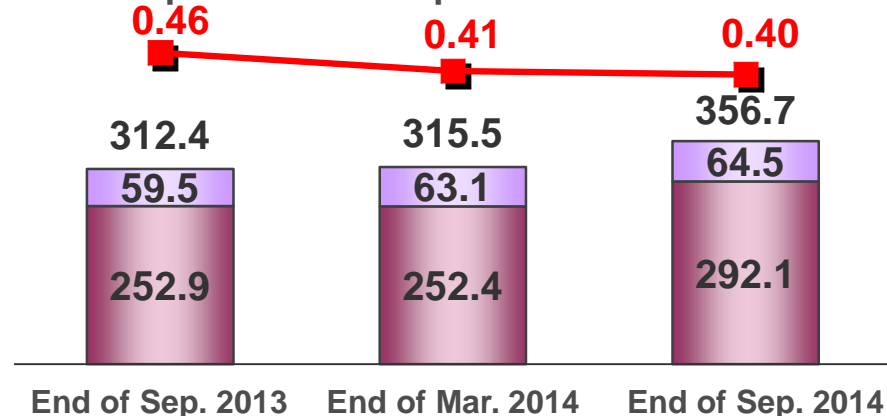
Japan Non-Japan



Interest-Bearing Debt

(Billions of yen)

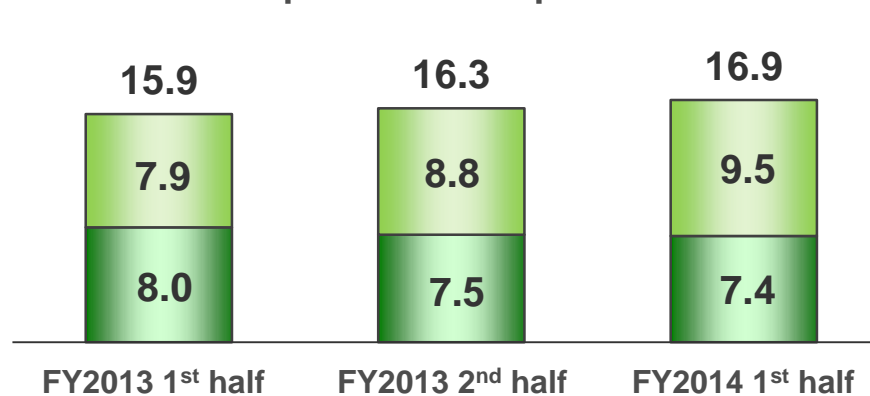
Japan Non-Japan Net D/E ratio



Depreciation and Amortization

(Billions of yen)

Japan Non-Japan



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

Business Forecast

- ✓ Business forecast revised upward from July announcement
- ✓ Net sales ¥950.0 billion (+9.0% YoY) / Operating Income ¥86.0 billion (+26.4% YoY)
Ordinary Income ¥84.5 billion (+26.5% YoY) / Net Income ¥57.0 billion (+82.9% YoY)
- ✓ Records for net sales, operating income, ordinary income, and net income.
- ✓ Exchange rate forecast for the 2nd half : US1\$=¥105, 1EURO=¥135

Forecasted Business Environment

- ✓ Despite maintaining basic scenario of an overall gradual recovery, environmental uncertainty remains
- ✓ Japan: slow recovery from the impact of consumption tax increase
Europe: stagnation, China: slowdown concerns, U.S.: robust
- ✓ Industrial machinery business:
 - Moderate recovery trend to continue, with exceptions in some sectors.
- ✓ Automotive business:
 - Production in Japan: Differences among automakers
 - While demand trends in Europe and China need to be watched carefully, steady demand in the U.S. to drive overall auto market.

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

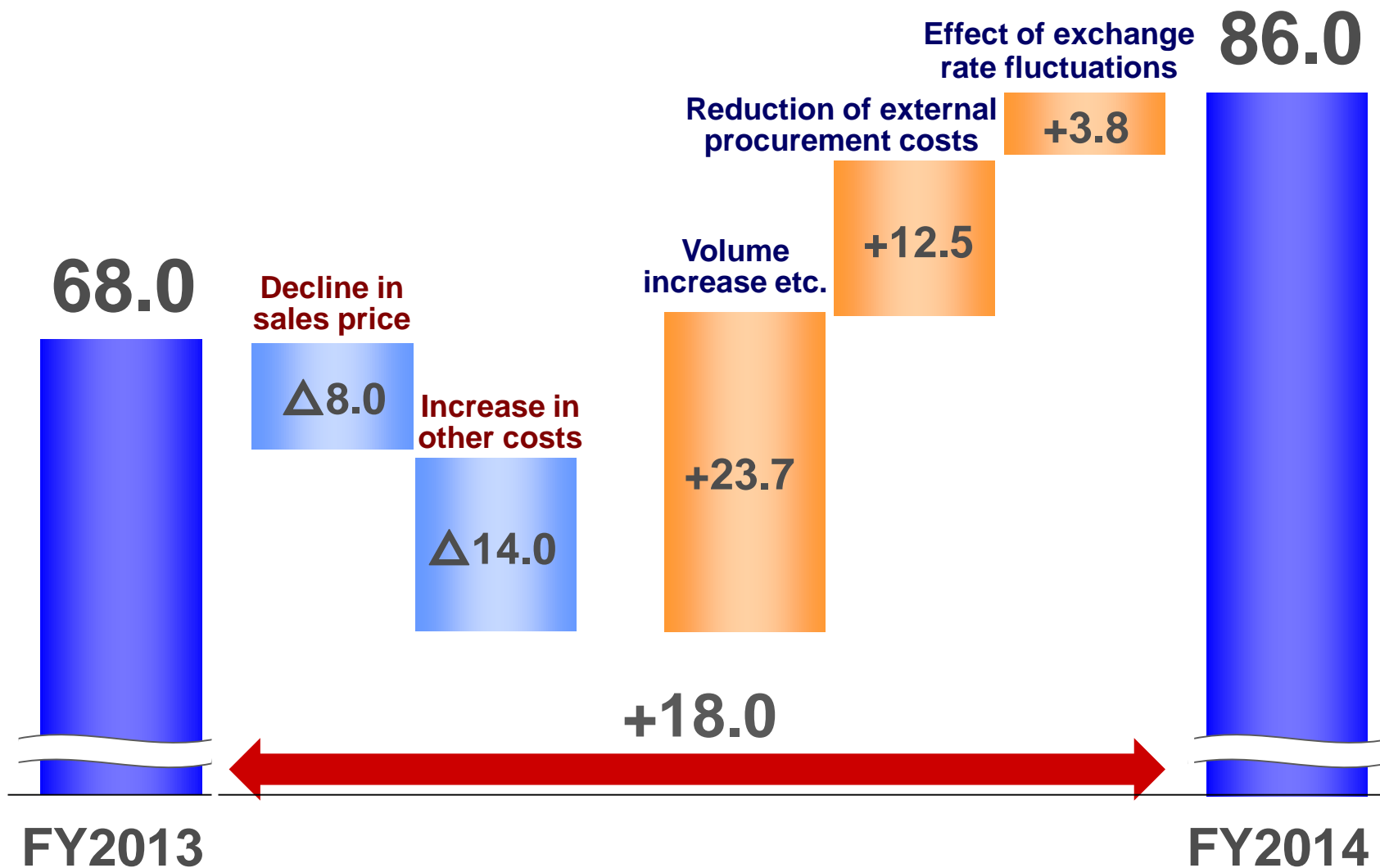
(Billions of yen)	FY2013	FY2014					
	Full year <Actual>	1 st half <Actual>	2 nd half <Revised forecast>	Full year <Revised forecast>	Increase/ Decrease YOY	Change YOY	Full year <Jul. Forecast>
Net sales	871.7	464.4	485.6	950.0	+78.3	+9.0%	926.0
Operating income <%>	68.0 <7.8%>	40.7 <8.8%>	45.3 <9.3%>	86.0 <9.1%>	+18.0	+26.4%	83.0 <9.0%>
Ordinary income	66.8	40.9	43.6	84.5	+17.7	+26.5%	80.5
Income before tax	54.3	37.9	43.6	81.5	+27.2	+50.0%	80.5
Net income	31.2	25.9	31.1	57.0	+25.8	+82.9%	56.5
(Exchange rate: US\$ =)	(¥ 100.24)	(¥ 103.04)	(¥ 105)	(¥ 104.02)			(¥ 100.54)
(Exchange rate: EURO =)	(¥ 134.37)	(¥ 138.92)	(¥ 135)	(¥ 136.96)			(¥ 136.27)

Forecast by Business Segment

(Billions of yen)	FY2013		FY2014				
	Full year <Actual>	1 st half <Actual>	2 nd half <Revised forecast>	Full year <Revised forecast>	Increase/ Decrease YOY	Change YOY	Full year <Jul. Forecast>
Net sales	871.7	464.4	485.6	950.0	+78.3	+9.0%	926.0
Industrial machinery business	243.0	132.5	139.5	272.0	+29.0	+11.9%	263.0
Industrial machinery bearings	205.7	111.7	116.8	228.5	+22.8	+11.1%	221.5
Precision machinery and parts	37.3	20.9	22.6	43.5	+6.2	+16.6%	41.5
Automotive business	590.5	311.8	325.2	637.0	+46.5	+7.9%	625.5
Automotive bearings	278.0	146.3	153.7	300.0	+22.0	+7.9%	298.0
Automotive components	312.5	165.5	171.5	337.0	+24.5	+7.8%	327.5
Others	64.7	34.8	33.2	68.0	+3.3	+5.1%	62.5
Eliminations	-26.5	-14.7	-12.3	-27.0	-0.5	-	-25.0
Operating income	68.0 <7.8%>	40.7 <8.8%>	45.3 <9.3%>	86.0 <9.1%>	+18.0	+26.4%	83.0 <9.0%>
Industrial machinery business	23.7 <9.8%>	14.5 <10.9%>	17.0 <12.2%>	31.5 <11.6%>	+7.8	+32.8%	31.5 <12.0%>
Automotive business	49.2 <8.3%>	28.2 <9.1%>	30.3 <9.3%>	58.5 <9.2%>	+9.3	+18.9%	54.5 <8.7%>
Others	2.9 <4.5%>	2.2 <6.2%>	1.8 <5.6%>	4.0 <5.9%>	+1.1	+37.9%	4.0 <6.4%>
Eliminations/ Corporate	-7.8	-4.1	-3.9	-8.0	-0.2	-	-7.0

Operating Income: Factors Behind Increase (FY2013 ⇒ FY2014 Forecast)

(Billions of yen)



Forecast by Customer Location



(Billions of yen)	FY2013	FY2014					
	Full year <Actual>	1 st half <Actual>	2 nd half <Revised forecast>	Full year <Revised forecast>	Increase/ Decrease YOY	Change YOY	Full year <Jul. Forecast>
Net sales	871.7	464.4	485.6	950.0	+78.3	+9.0%	926.0
Japan	329.1	162.6	167.9	330.5	+1.4	+0.4%	323.0
Non-Japan (Non-Japan ratio)	542.6 (62.2%)	301.7 (65.0%)	317.7 (65.4%)	619.5 (65.2%)	+76.9	+14.2%	603.0 (65.1%)
The Americas	134.5	76.8	79.2	156.0	+21.5	+16.0%	149.0
Europe	124.6	63.3	68.2	131.5	+6.9	+5.5%	131.5
Asia	283.5	161.7	170.3	332.0	+48.5	+17.1%	322.5
China only (China ratio)	167.2 (19.2%)	96.5 (20.8%)	103.5 (21.3%)	200.0 (21.1%)	+32.8	+19.6%	195.0 (21.1%)

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

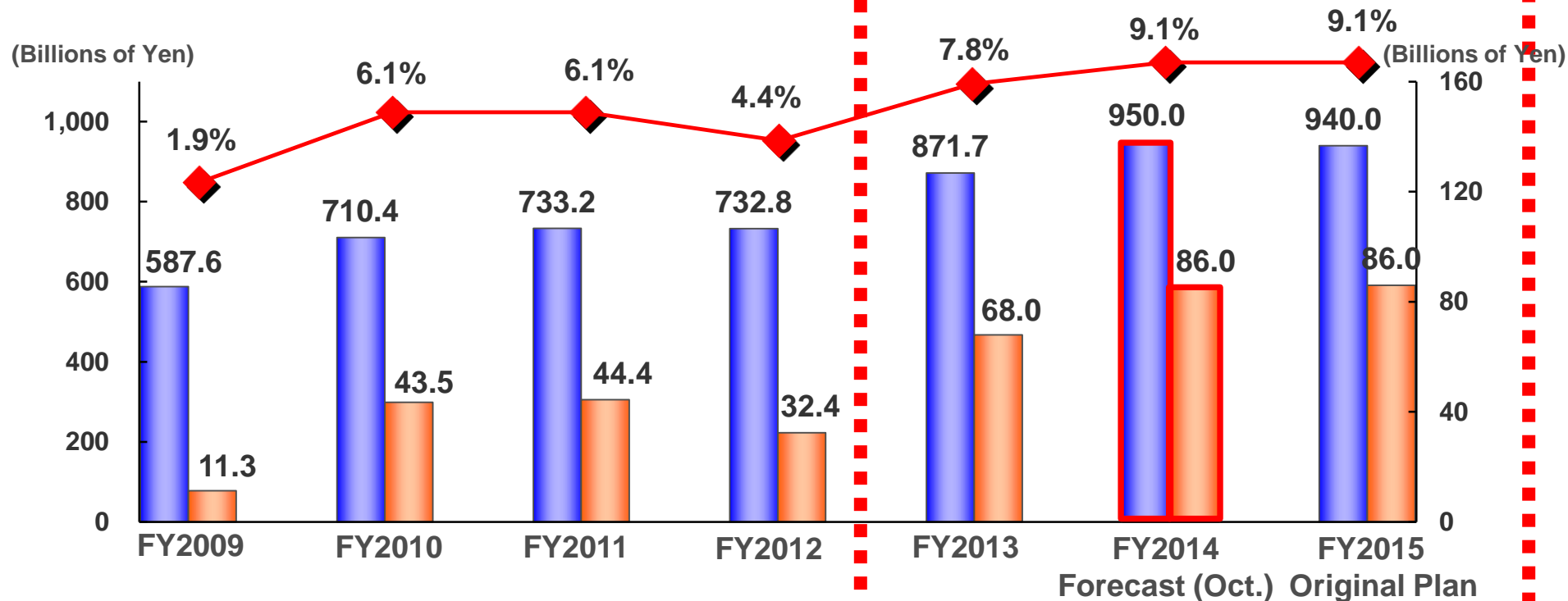
The 4th Mid-Term Management Plan: Business Forecast



FY2009-FY2012 Mid-term Plan

FY2013-FY2015 Mid-term Plan

■ Sales ■ Operating income ◆ Operating income %



Forecast (Oct.) Original Plan

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	104.02	90
Euro	130.89	112.92	109.40	107.14	134.74	136.96	120

Industrial Machinery Business ①

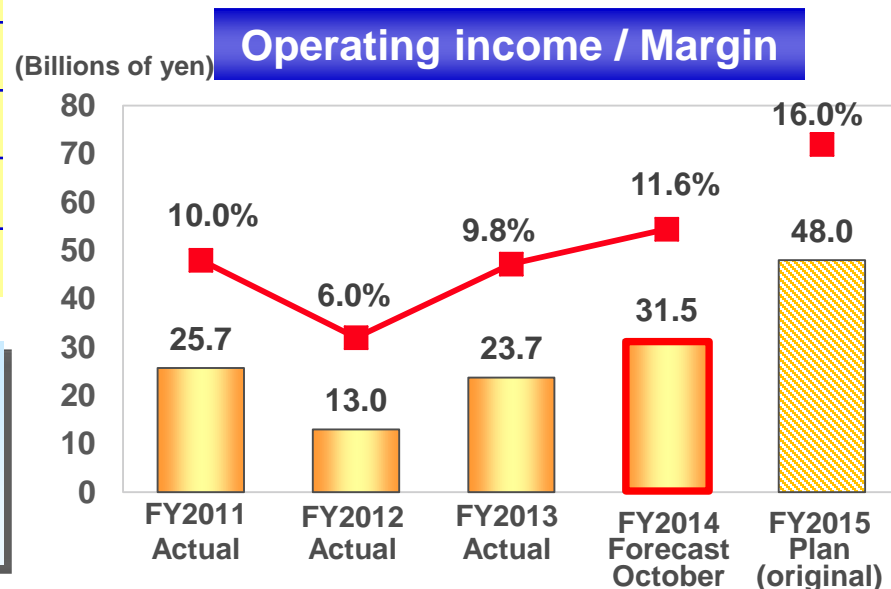
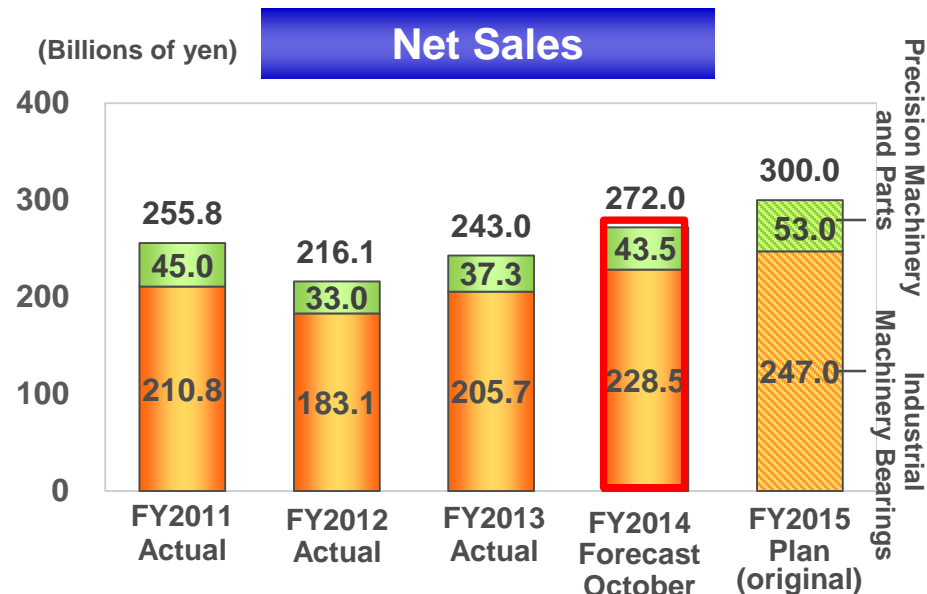
FY2014 Business Environment and Business Forecast



【Demand trend by sector】

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	→	→	→

- Demand trend: Flat demand in increasing number of sectors
- Steady demand in the machine tool, the semiconductor sectors, and the railway sector in China

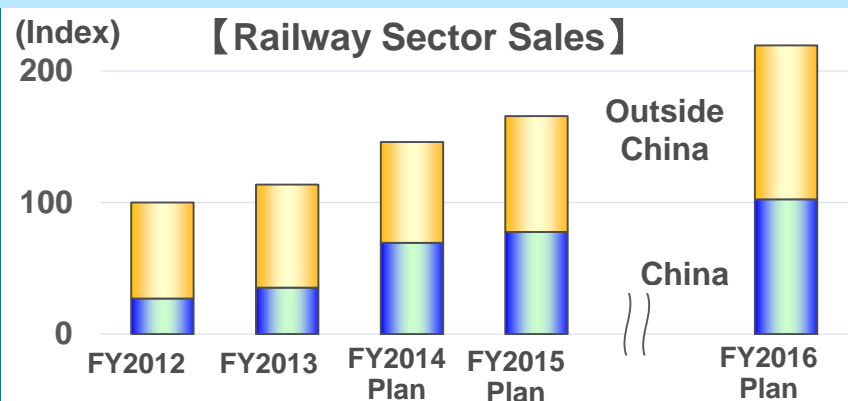


Industrial Machinery Business ②

Progress of Mid-Term Management Plan

Railways

Expansion focusing on China



Repair & Maintenance Business

■ Maintenance for steel plants

- Steel plants in Asia

■ Maintenance for railcars

- High-speed railways in Europe
- Subways in China

■ Improving operating rate for wind turbines

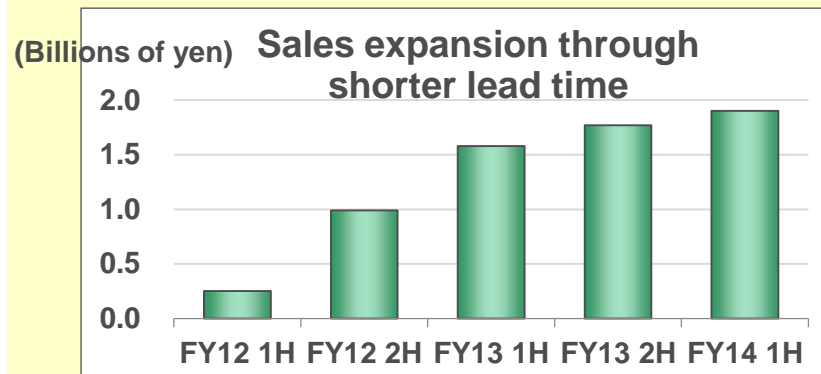
- Developing monitoring systems
- Technical maintenance services



Enhancing Corporate Fundamentals

■ Sales expansion through shorter production lead time

- Shortening standard production lead time
- Expanding sales by supplying products on short lead time



■ Enhancing global supply chain management (AM)

- Increasing line-up of high-turnover products
- Improving hit rate

■ Enhancing corporate fundamentals

- Promoting local procurement (Shenyang plant)
- Visualizing production processes

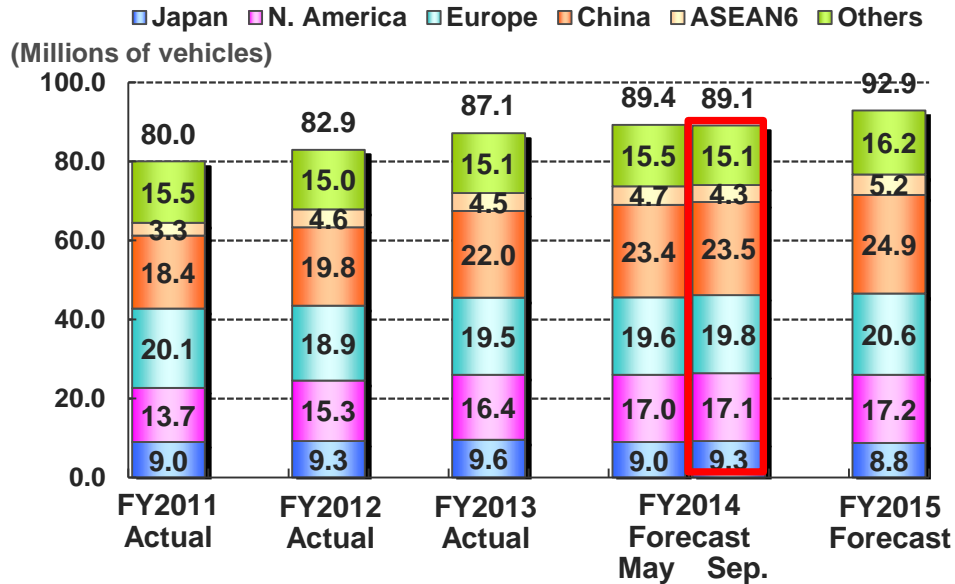
Enhancing presence outside Japan

Automotive Business ①

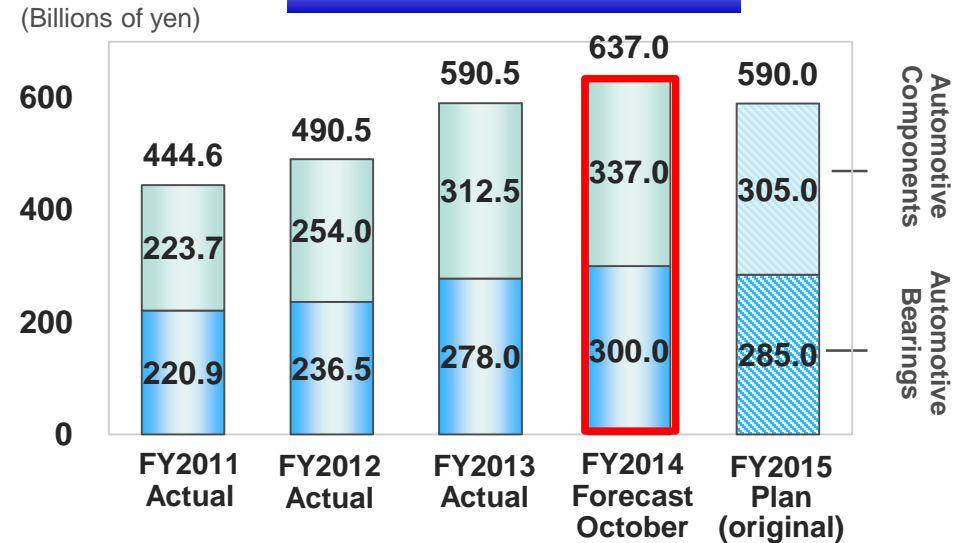
Vehicle Production Forecast and Business Forecast



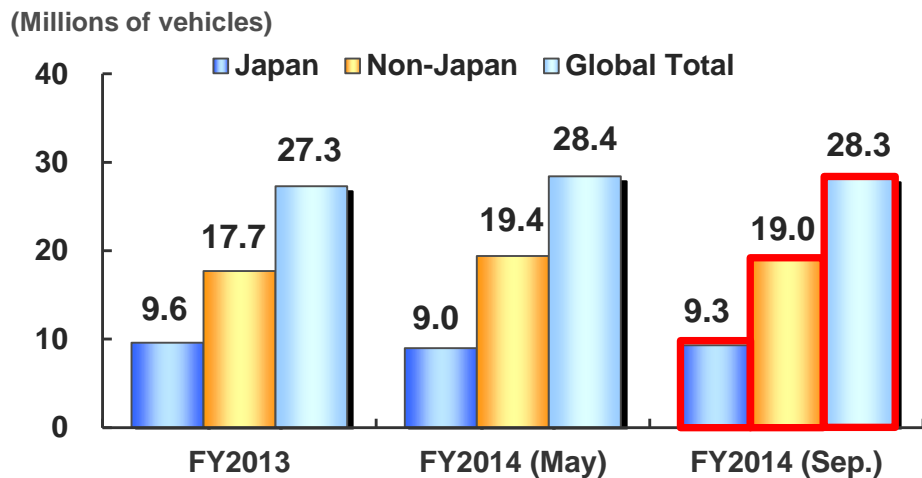
【Global vehicle production volume】



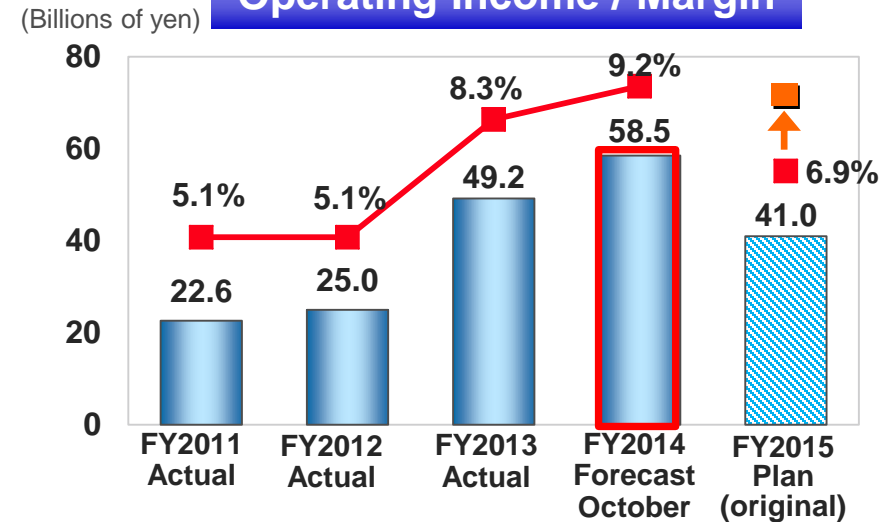
Net Sales



【Production volume by Japanese automakers】



Operating Income / Margin

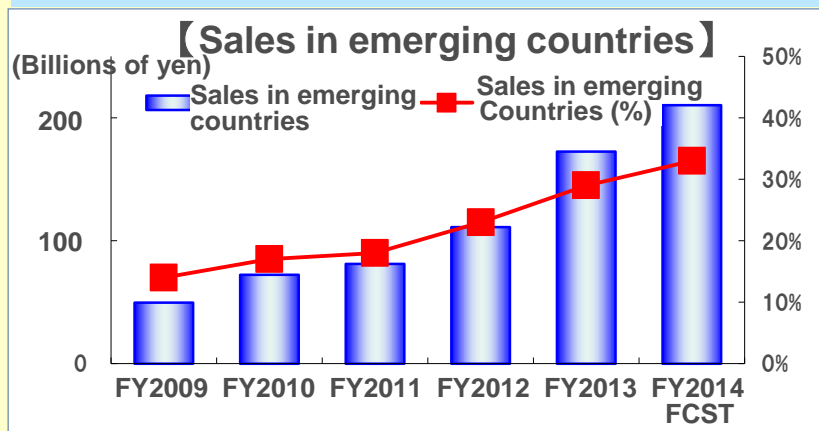


Automotive Business ②

Progress of Mid-Term Management Plan

Automotive Business

Sales expansion in emerging countries

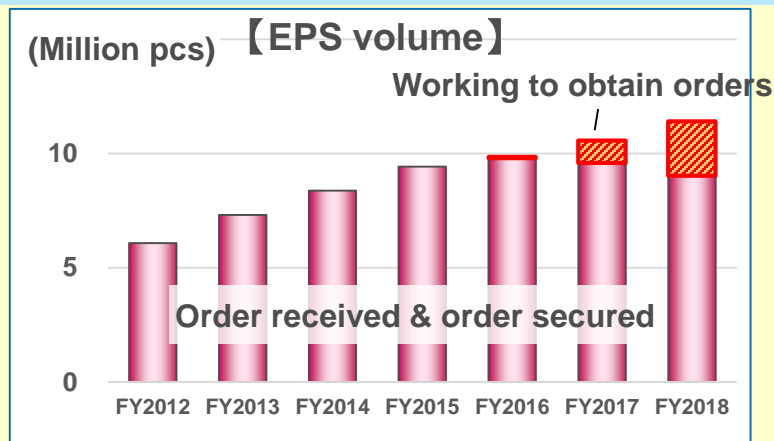


Automotive Bearings

- Expanding wheel bearing sales to non-Japanese automakers
- Expanding high-efficiency AT/CVT
- Improving profitability
 - Optimizing production sites (Production in Japan / production outside Japan)
 - Updating and improving current facilities

Automotive Components

Increase in EPS order intake



- Full-scale order intake initiatives to secure future projects

Technologies, profitability improvement

- Developing technologies for next generation
 - Low cost, compact, safety
- Improving profitability
 - Global standardization (production / technologies)
 - Advancing automation, reducing procurement costs

Expansion accompanied by profitability

(Supplementary Information)

(Supplementary Information)
Forecast by Business Segment



(Billions of yen)	FY2013			FY2014			Difference YOY	Change YOY
	1st half <Actual>	2nd half <Actual>	Full year <Actual>	1st half <Actual>	2nd half <Forecast>	Full year <Forecast>		
Net sales	413.6	458.1	871.7	464.4	485.6	950.0	+78.3	+9.0%
Industrial machinery business	115.9	127.1	243.0	132.5	139.5	272.0	+29.0	+11.9%
Industrial machinery bearings	98.5	107.2	205.7	111.7	116.8	228.5	+22.8	+11.1%
Precision machinery and parts	17.4	19.9	37.3	20.9	22.6	43.5	+6.2	+16.6%
Automotive business	283.8	306.7	590.5	311.8	325.2	637.0	+46.5	+7.9%
Automotive bearings	135.2	142.8	278.0	146.3	153.7	300.0	+22.0	+7.9%
Automotive components	148.6	163.9	312.5	165.5	171.5	337.0	+24.5	+7.8%
Others	27.3	37.4	64.7	34.8	33.2	68.0	+33.1	+5.1%
Eliminations	-13.4	-13.1	-26.5	-14.7	-12.3	-27.0	-0.5	-
Operating income	28.8 <7.0%>	39.2 <8.6%>	68.0 <7.8%>	40.7 <8.8%>	45.3 <9.3%>	86.0 <9.1%>	+18.0	+26.4%
Industrial machinery business	9.7 <8.4%>	14.0 <11.0%>	23.7 <9.8%>	14.5 <10.9%>	17.0 <12.2%>	31.5 <11.6%>	+7.8	+32.8%
Automotive business	21.4 <7.6%>	27.8 <9.1%>	49.2 <8.3%>	28.2 <9.1%>	30.3 <9.3%>	58.5 <9.2%>	+9.3	+18.9%
Others	1.4 <5.1%>	1.5 <4.0%>	2.9 <4.5%>	2.2 <6.2%>	1.8 <5.6%>	4.0 <5.9%>	+1.1	+37.9%
Eliminations/ Corporate	-3.7	-4.1	-7.8	-4.1	-3.9	-8.0	-0.2	-

(Supplementary Information)

Forecast by Geographical Segment



(Billions of yen)	FY2013	FY2014				
	Full year <Actual>	1 st half <Actual>	2 nd half <Revised forecast>	Full year <Revised forecast>	Increase/ Decrease YOY	Change YOY
Net sales	871.7	464.4	485.6	950.0	+78.3	+9.0%
Japan	512.2	254.2	260.8	515.0	+2.8	+0.5%
The Americas	132.4	73.0	77.5	150.5	+18.1	+13.7%
Europe	126.8	65.9	69.1	135.0	+8.2	+6.5%
Asia	288.2	165.5	172.0	337.5	+49.3	+17.1%
Eliminations	-187.9	-94.2	-93.8	-188.0	-0.1	-
Operating Income	68.0 <7.8%>	40.7 <8.8%>	45.3 <9.3%>	86.0 <9.1%>	+18.0	+26.5%
Japan	38.4 <7.5%>	17.0 <6.7%>	17.5 <6.7%>	34.5 <6.7%>	-3.9	-10.2%
The Americas	6.0 <4.5%>	4.5 <6.2%>	6.0 <7.7%>	10.5 <7.0%>	+4.5	+75.0%
Europe	5.2 <4.1%>	4.4 <6.6%>	5.6 <8.1%>	10.0 <7.4%>	+4.8	+92.3%
Asia	27.3 <9.5%>	19.5 <11.8%>	20.5 <11.9%>	40.0 <11.9%>	+12.7	+46.5%
Eliminations/ Corporate	-8.9	-4.7	-4.3	-9.0		-

(Supplementary Information)
Consolidated Balance Sheets

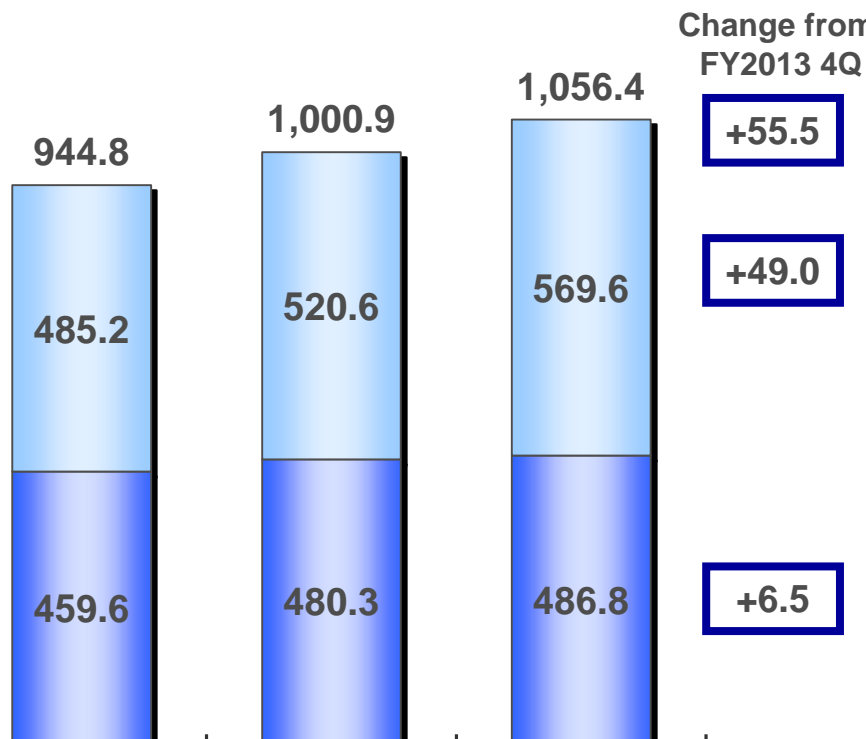


Assets

Liabilities and Net Assets

(Billions of yen)

■ Non-current assets ■ Current assets

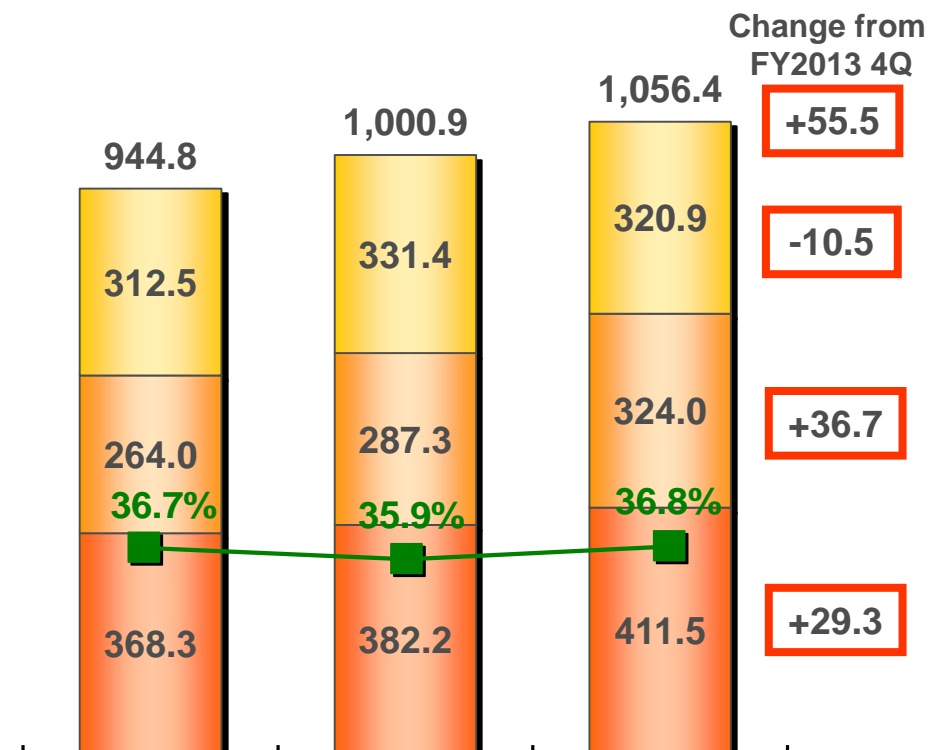


End of Sep. 2013 End of Mar. 2014 End of Sep. 2014

US\$:	97.75	102.92	109.45
Euro:	131.87	141.65	138.87

(Billions of yen)

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



End of Sep. 2013 End of Mar. 2014 End of Sep. 2014

US\$:	97.75	102.92	109.45
Euro:	131.87	141.65	138.87

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



(Billions of yen)	FY2013 <Actual>	FY2014 1 st half <Actual>	FY2014 <Forecast>
Capital expenditure (※)	43.2	16.8	46.0

※Excluding intangible assets

(Billions of yen)	FY2013 <Actual>	FY2014 1 st half <Actual>	FY2014 <Forecast>
Depreciation and amortization (※)	32.3	16.9	35.0

※Excluding intangible assets

(Billions of yen)	FY2013 <Actual>	FY2014 1 st half <Actual>	FY2014 <Forecast>
R&D expenses	9.9	5.4	10.5