

NSK

CONSOLIDATED BUSINESS RESULTS

FOR THE FIRST QUARTER
ENDED JUNE 30, 2019



July 29, 2019
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

Business Results for FY2019: Q1

✓ Consolidated Business Results for FY2019: Q1 (Apr.-Jun.)
(From FY2018: Q1)

Sales :	¥ 222.9 billion	(-¥ 37.8 billion / -14.5%)
Segment Income* :	¥ 10.8 billion	(-¥ 14.6 billion / -57.5%)
(%)	(4.9%)	
Operating Income :	¥ 10.3 billion	(-¥ 14.5 billion / -58.6%)
(%)	(4.6%)	
Net Income Attributable to Owners of the Parent :	¥ 8.8 billion	(-¥ 8.9 billion / -50.1%)

*Segment Income : Operating income before deduction of other operating expenses

Business Environment and Measures for FY2019 Q2 Onward

- ✓ Growing risk of downward swing in global economy. Demand recovery timing is expected to be delayed from original forecast.
- ✓ Initiatives for profitability improvement including fixed cost reduction have been implemented. Full-year forecast remains unchanged.

Summary of Consolidated Business Results for FY2019: Q1

(Billions of yen)	FY2018			FY2019				
	Q1 <Actual>	1 st half <Actual>	Full year <Actual>	Q1 <Actual>	Increase/ Decrease YOY	Difference YOY	1 st half <FCST>	Full year <FCST>
Sales	260.7	509.6	991.4	222.9	-37.8	-14.5%	464.0	945.0
Operating income	24.8	45.0	79.3	10.3	-14.5	-58.6%	25.0	63.0
<%>	<9.5%>	<8.8%>	<8.0%>	<4.6%>			<5.4%>	<6.7%>
Income before income taxes	25.3	45.1	79.2	10.6	-14.6	-57.5%	25.0	62.5
Net income attributable to owners of the parent	17.7	30.9	55.8	8.8	-8.9	-50.1%	19.0	45.0
(Ex. rate: 1USD=)	109.07	110.27	110.91	109.90	+0.83	+0.8%	110	110
(" 1EUR=)	130.06	129.84	128.40	123.49	-6.57	-5.1%	125	125
(" 1CNY=)	17.13	16.75	16.54	16.07	-1.06	-6.2%	16.5	16.5
Segment Income	25.5	46.4	83.3	10.8	-14.6	-57.5%	26.5	66.0
<%>	<9.8%>	<9.1%>	<8.4%>	<4.9%>			<5.7%>	<7.0%>

Segment Income : Operating income before deduction of other operating expenses
Other operating expenses : Antimonopoly Act-related losses, foreign exchange losses

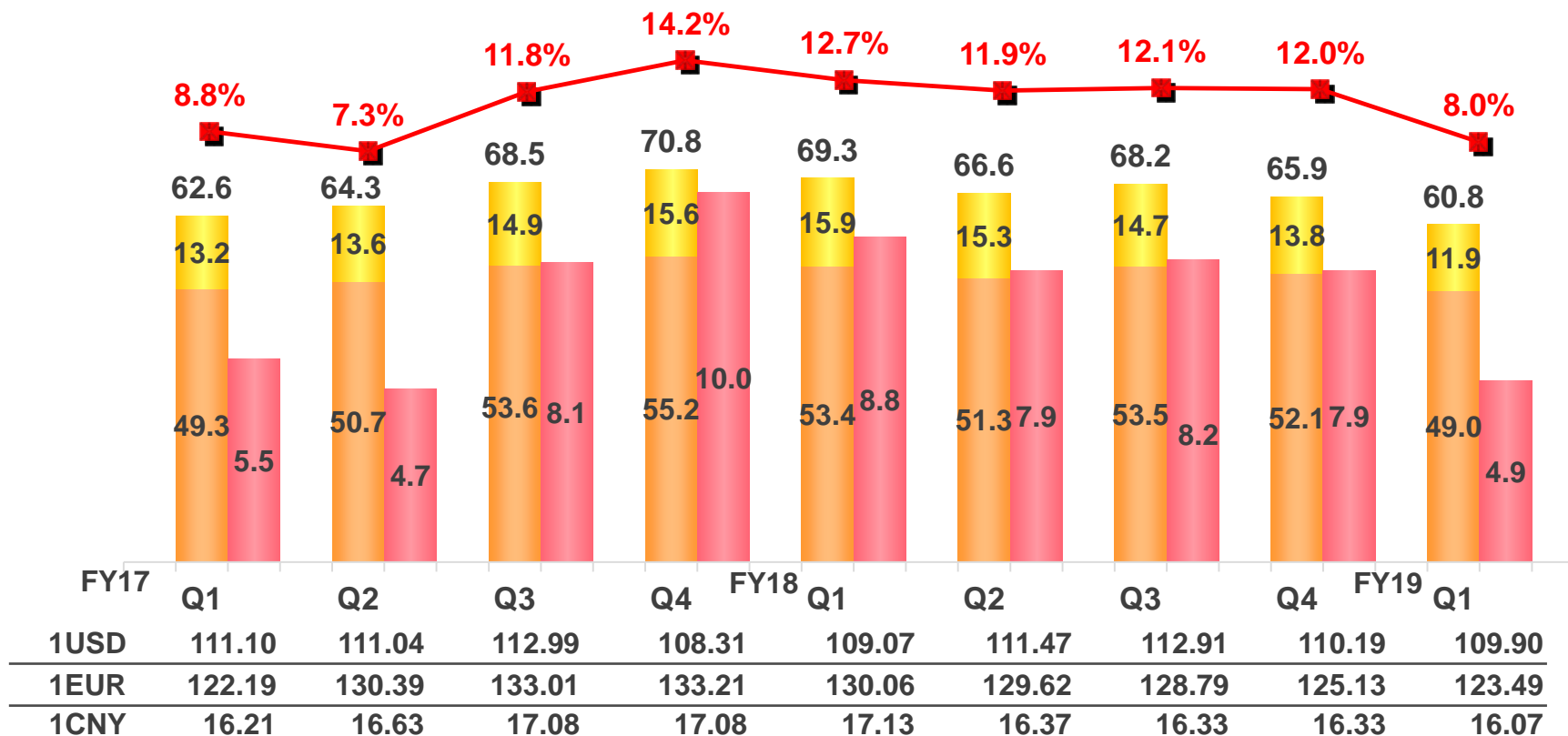
Sales & Operating Income Results by Business Segment

(Billions of yen)		FY2018			FY2019				
		Q1 <Actual>	1st half <Actual>	Full year <Actual>	Q1 <Actual>	Increase/ Decrease YOY	Difference YOY	1st half <FCST>	Full year <FCST>
Total	Sales	260.7	509.6	991.4	222.9	-37.8	-14.5%	464.0	945.0
	Operating income	24.8	45.0	79.3	10.3	-14.5	-58.6%	25.0	63.0
	<%>	9.5%	8.8%	8.0%	4.6%			5.4%	6.7%
Industrial Machinery Business	Sales	69.3	135.9	270.0	60.8	-8.4	-12.2%	129.0	265.0
	Industrial machinery bearings	53.4	104.7	210.3	49.0	-4.4	-8.3%	103.0	210.0
	Precision machinery and parts	15.9	31.2	59.7	11.9	-4.0	-25.2%	26.0	55.0
	Operating income	8.8	16.7	32.9	4.9	-3.9	-44.4%	12.0	29.0
	<%>	12.7%	12.3%	12.2%	8.0%			9.3%	10.9%
Automotive Business	Sales	183.3	357.6	689.7	155.2	-28.1	-15.3%	321.0	650.0
	Automotive bearings	89.4	176.5	348.9	82.6	-6.9	-7.7%	172.0	352.5
	Automotive components	93.8	181.1	340.8	72.6	-21.2	-22.6%	149.0	297.5
	Operating income	15.3	26.7	44.9	5.1	-10.2	-66.9%	13.0	33.0
	<%>	8.3%	7.5%	6.5%	3.3%			4.0%	5.1%
Others	Sales	14.8	30.3	62.9	13.6	-1.3	-8.6%	28.0	59.0
	Operating income	1.4	2.8	5.6	0.8	-0.5	-38.9%	1.5	4.0
	<%>	9.1%	9.3%	8.9%	6.1%			5.4%	6.8%
Eliminations (sales)		-6.7	-14.2	-31.2	-6.6	+0.0		-14.0	-29.0
Other operating expenses / Adjustments		-0.6	-1.3	-4.2	-0.5	+0.1		-1.5	-3.0

Business Results: Industrial Machinery Business

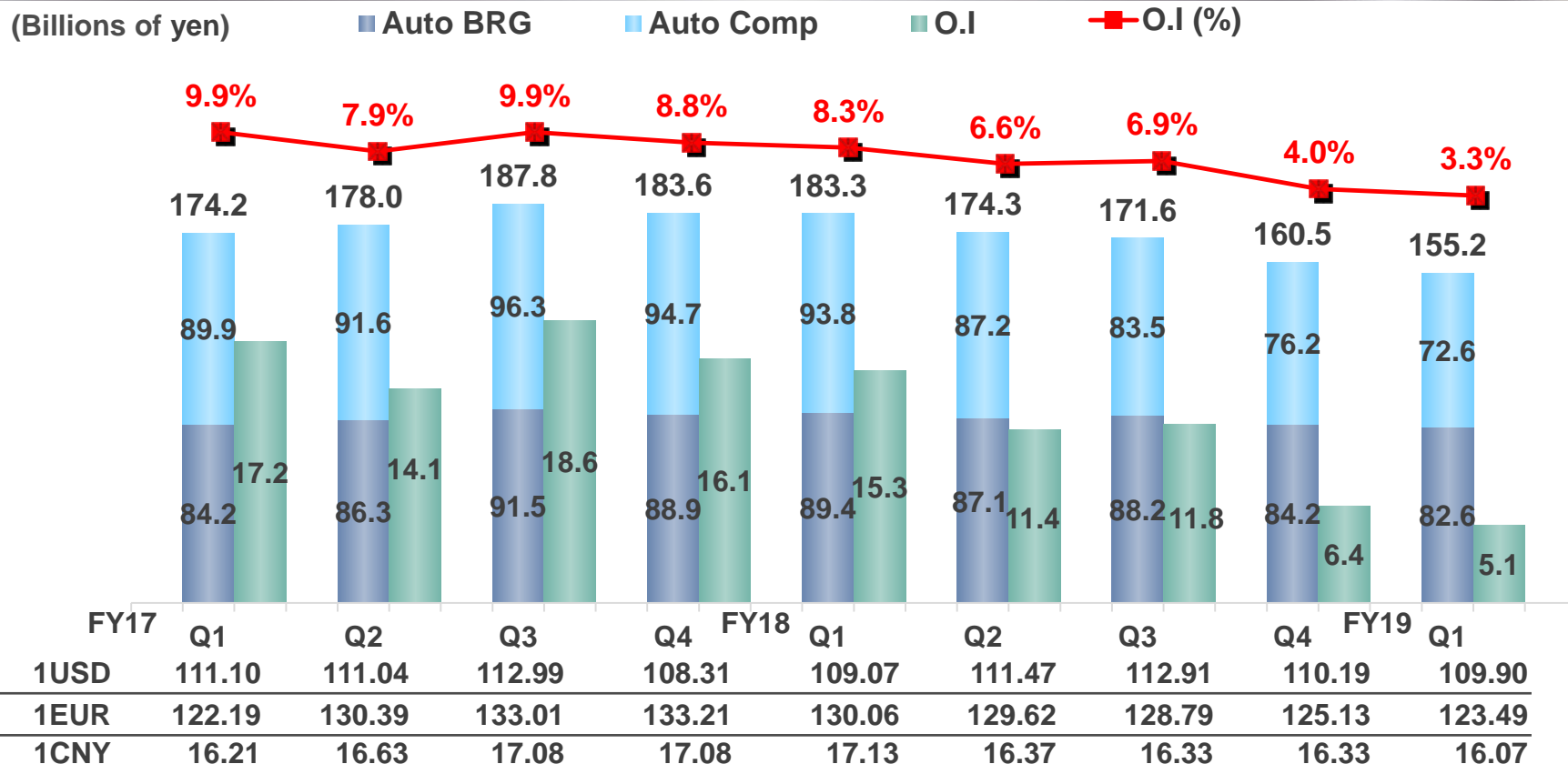
(Billions of yen)

Ind BRG Precision O.I O.I (%)



- ✓ Sales declined on both YoY and QoQ basis. Precision decreased largely.
- ✓ Demand adjustment continues, primarily in the machine tool, semiconductor, and electrical sectors.
- ✓ Infrastructure sectors including wind turbine and railcar remained strong. AM in the US increased.

Business Results: Automotive Business



- ✓ Decreased global vehicle production Q1 YoY -8%
- ✓ Auto BRG: Increased in NA. Overall sales decreased due to slowdown in China and Europe.
- ✓ Auto Comp: End of production in steering business continued. AT business: affected by reduced production toward China.

Sales Results by Customer Location

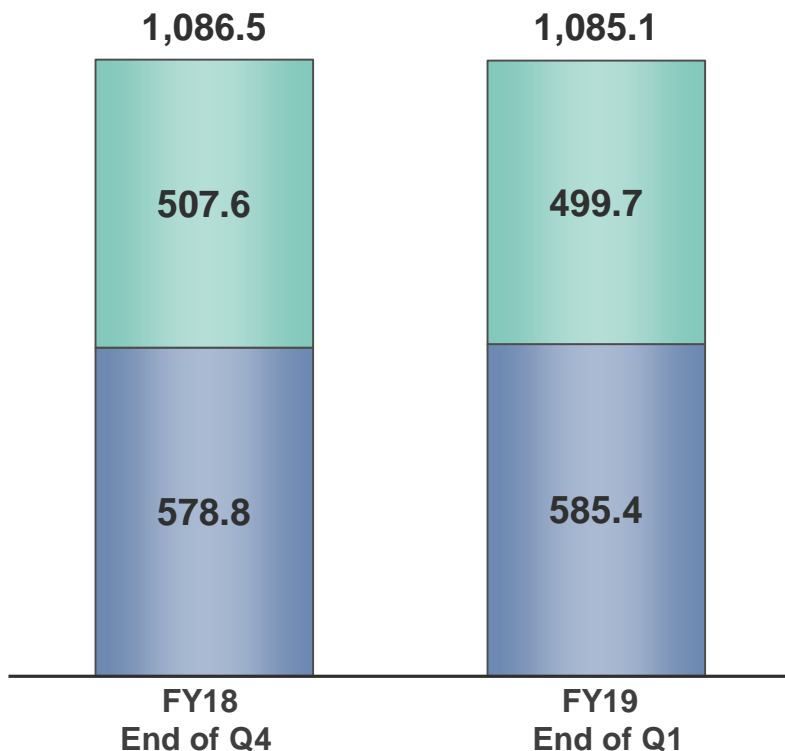
(Billions of yen)	FY2018			FY2019				
	Q1 <Actual>	1 st half <Actual>	Full year <Actual>	Q1 <Actual>	Increase/ Decrease YOY	Difference YOY	1 st half <FCST>	Full year <FCST>
Sales	260.7	509.6	991.4	222.9	-37.8	-14.5%	464.0	945.0
Japan	94.2	186.9	367.5	82.1	-12.2	-12.9%	173.0	356.0
Non-Japan	166.5	322.7	623.8	140.9	-25.6	-15.4%	291.0	589.0
<Non-Japan ratio>	<63.9%>	<63.3%>	<62.9%>	<63.2%>			<62.7%>	<62.3%>
The Americas	40.3	79.5	157.6	38.0	-2.3	-5.8%	76.5	151.5
Europe	34.8	64.7	130.1	30.1	-4.8	-13.7%	59.5	121.5
China	55.3	105.9	195.0	41.2	-14.1	-25.5%	88.5	176.5
Other Asia	36.1	72.6	141.1	31.7	-4.4	-12.2%	66.5	139.5
(Ex. rate:1USD=)	109.07	110.27	110.91	109.90	+0.83	+0.8%	110	110
(" 1EUR=)	130.06	129.84	128.40	123.49	-6.57	-5.1%	125	125
(" 1CNY=)	17.13	16.75	16.54	16.07	-1.06	-6.2%	16.5	16.5

(Supplementary Information) Consolidated Balance Sheet

Assets

■ Non-Current assets ■ Current assets

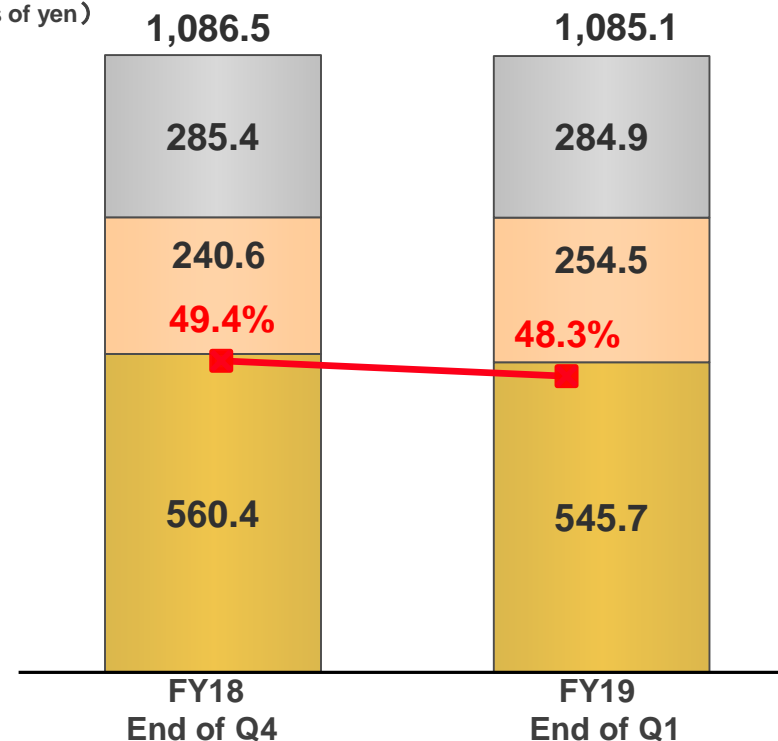
(Billions of yen)



Liabilities / Total equity

■ Current liabilities
■ Non-Current liabilities
■ Total equity
— Ratio of equity attributable to owners of the parent to total assets

(Billions of yen)



Ex. Rate	FY18 End of Q4	FY19 End of Q1
1USD=	111.01	107.75
1EUR=	124.56	122.46
1CNY=	16.48	15.68

Inventories / Interest-Bearing Debt

Inventories

Interest-bearing debt

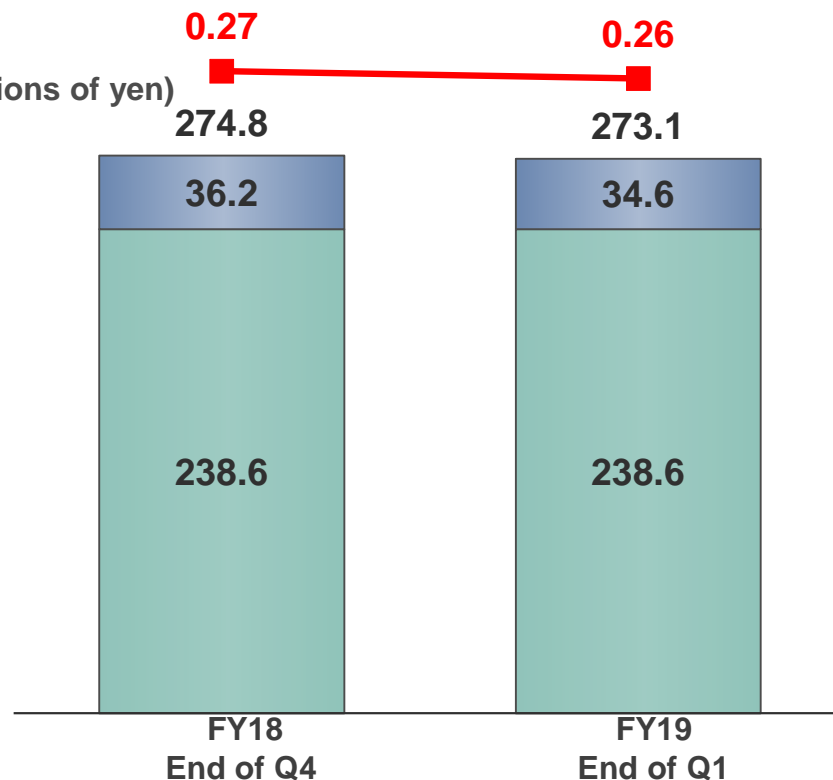
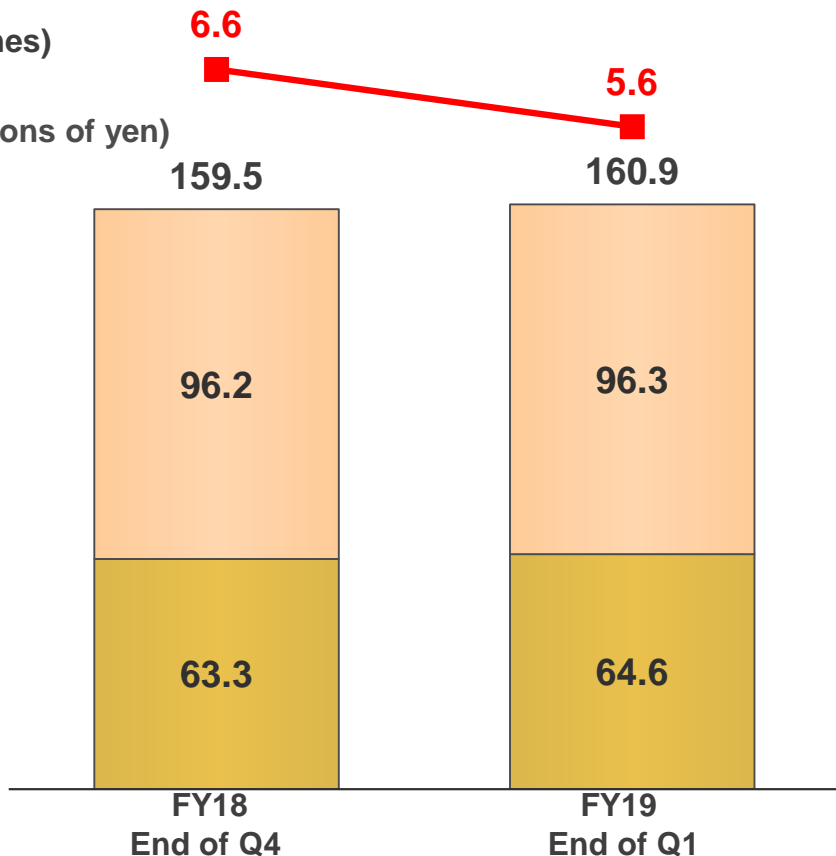
Japan Non-Japan Inventory turnover

Japan Non-Japan Net D/E ratio

(Times)

(Billions of yen)

(Billions of yen)



Ex. Rate	FY18 End of Q4	FY19 End of Q1
1USD=	111.01	107.75
1EUR=	124.56	122.46
1CNY=	16.48	15.68

(Supplementary Information)
Capital Expenditure / Depreciation and amortisation
R&D Expenses

(Billions of yen)	FY2018					FY2019	
	Q1	Q2	Q3	Q4	Full year	Q1	Full year (Plan)
Capital Expenditure	10.4	16.7	23.6	30.5	81.1	10.5	60.0
Depreciation and amortisation	11.9	12.0	12.3	12.6	48.8	13.4	52.0

(Billions of yen)	FY2018					FY2019	
	Q1	Q2	Q3	Q4	Full year	Q1	Full year (Plan)
R&D expenses (on a statutory basis)	4.4	5.0	4.9	4.7	19.0	4.6	19.0
*Reference R&D expenses (on a managerial basis)	7.7	8.4	8.0	8.2	32.4	7.9	32.0