

NSK



CONSOLIDATED BUSINESS RESULTS

FOR THE THIRD QUARTER
ENDED DECEMBER 31, 2016

February 1, 2017
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

Summary of Consolidated Business Results for FY2016: Q3



Business Results for FY2016: Q3

✓ Consolidated Business Results for FY2016: Q3

	Q3 (Oct. – Dec.)	(vs. FY2015:Q3)	Q3 YTD (Apr. – Dec.)	(vs. FY2015: Q3 YTD)
Net Sales :	¥ 242.1 billion	(-¥ 3.6 billion / -1.5%)	¥ 697.7 billion	(-¥ 37.8 billion / -5.1%)
Operating Income :	¥ 17.7 billion	(-¥ 6.9 billion / -28.1%)	¥ 45.0 billion	(-¥ 28.1 billion / -38.4%)
Net Income Attributable to Owners of the Parent :	¥ 10.4 billion	(-¥ 5.7 billion / -35.2%)	¥ 30.3 billion	(-¥ 18.3 billion / -37.7%)
<Reference> Segment Income* :	¥ 22.7 billion	(-¥ 2.8 billion / -11.1%)	¥ 57.6 billion	(-¥ 18.0 billion / -23.8%)

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

✓ YOY: Both net sales and operating income decreased. However, excluding exchange rate impact net sales increased due to higher volume.

✓ Exchange rate impact: (3Q) Net sales: -¥20.2 billion, Operating Income: -¥ 4.5 billion
(3Q YTD) Net sales: -¥69.8 billion, Operating Income: -¥15.4 billion

Current demand environment and FY2016 Forecast

- ✓ Industrial machinery business: Recovered from market bottom. Volume trend increasing.
- ✓ Automotive business: Solid growth in China. Overall market environment remains steady.
- ✓ FY2016 forecast: No change from original plan.
Attention to US policy trend and exchange rate required.

Summary of Consolidated Business Results for FY2016: Q3



IFRS (Billions of yen)	FY2015			FY2016						Full year <May Fcst>
	Q3 <Actual>	Apr-Dec <Actual>	Full year <Actual>	Q3 <Actual>	Increase/ Decrease YOY	% Change	Apr-Dec <Actual>	Increase/ Decrease YOY	% Change	
Net sales	245.7	735.5	975.3	242.1	-3.6	-1.5%	697.7	-37.8	-5.1%	920.0
Operating income	24.6	73.1	89.5	17.7	-6.9	-28.1%	45.0	-28.1	-38.4%	65.0
<%>	<10.0%>	<9.9%>	<9.2%>	<7.3%>			<6.5%>			<7.1%>
Income before income taxes	24.2	71.6	87.2	17.5	-6.7	-27.6%	44.0	-27.6	-38.5%	63.0
Net income attributable to owners of the parent	16.1	48.6	65.7	10.4	-5.7	-35.2%	30.3	-18.3	-37.7%	40.0
(Ex. rate:1USD=)	¥121.50	¥121.70	¥120.14	¥109.34	-¥12.16	-10.0%	¥106.68	-¥15.02	-12.3%	¥105
(" 1EUR=)	¥132.94	¥134.36	¥132.58	¥117.83	-¥15.11	-11.4%	¥118.09	-¥16.27	-12.1%	¥120
(" 1CNY=)	¥18.90	¥19.26	¥18.85	¥15.98	-¥2.92	-15.4%	¥15.96	-¥3.30	-17.1%	¥16.7

*Reference

Segment Income	25.5	75.7	94.3	22.7	-2.8	-11.1%	57.6	-18.0	-23.8%
<%>	<10.4%>	<10.3%>	<9.7%>	<9.4%>			<8.3%>		

Segment Income : Operating income before inclusion/deduction of other operating income/expenses

Other operating expenses : Antimonopoly Act -related losses, foreign exchange gains and losses

Sales & Operating Income Results by Business Segment



IFRS (Billions of yen)		FY2015			FY2016					
		Q3 <Actual>	Apr-Dec <Actual>	Full year <Actual>	Q3 <Actual>	Increase/ Decrease YOY	% Change	Apr-Dec <Actual>	Increase/ Decrease YOY	% Change
Total	Net sales	245.7	735.5	975.3	242.1	-3.6	-1.5%	697.7	-37.8	-5.1%
	Operating income	24.6	73.1	89.5	17.7	-6.9	-28.1%	45.0	-28.1	-38.4%
	<%>	10.0%	9.9%	9.2%	7.3%			6.5%		
Industrial Machinery Business	Net sales	57.7	185.7	243.4	57.5	-0.1	-0.2%	165.4	-20.4	-11.0%
	Industrial machinery bearings	48.0	153.7	201.7	46.8	-1.2	-2.6%	134.8	-18.9	-12.3%
	Precision machinery and parts	9.6	32.0	41.7	10.7	+1.1	+11.5%	30.6	-1.4	-4.5%
	Operating income	3.6	17.5	20.2	4.6	+1.0	+28.0%	9.9	-7.6	-43.3%
	<%>	6.3%	9.4%	8.3%	8.1%			6.0%		
Automotive Business	Net sales	182.1	529.5	705.5	178.1	-4.0	-2.2%	513.5	-16.0	-3.0%
	Automotive bearings	84.6	248.2	330.7	83.6	-1.0	-1.2%	241.4	-6.8	-2.7%
	Automotive components	97.4	281.3	374.8	94.4	-3.0	-3.1%	272.1	-9.2	-3.3%
	Operating income	21.3	55.0	70.8	16.8	-4.5	-21.1%	44.9	-10.0	-18.3%
	<%>	11.7%	10.4%	10.0%	9.5%			8.7%		
Others	Net sales	11.9	39.0	52.0	14.0	+2.1	+17.7%	37.9	-1.1	-2.9%
	Operating income	0.4	3.0	3.1	1.1	+0.7	+153.4%	2.7	-0.3	-10.9%
	<%>	3.8%	7.6%	5.9%	8.1%			7.0%		
Eliminations (sales)		-5.9	-18.8	-25.6	-7.5	-1.6		-19.1	-0.3	
Eliminations/corporate expenses		-0.8	-2.4	-4.5	-4.9	-4.1		-12.5	-10.1	

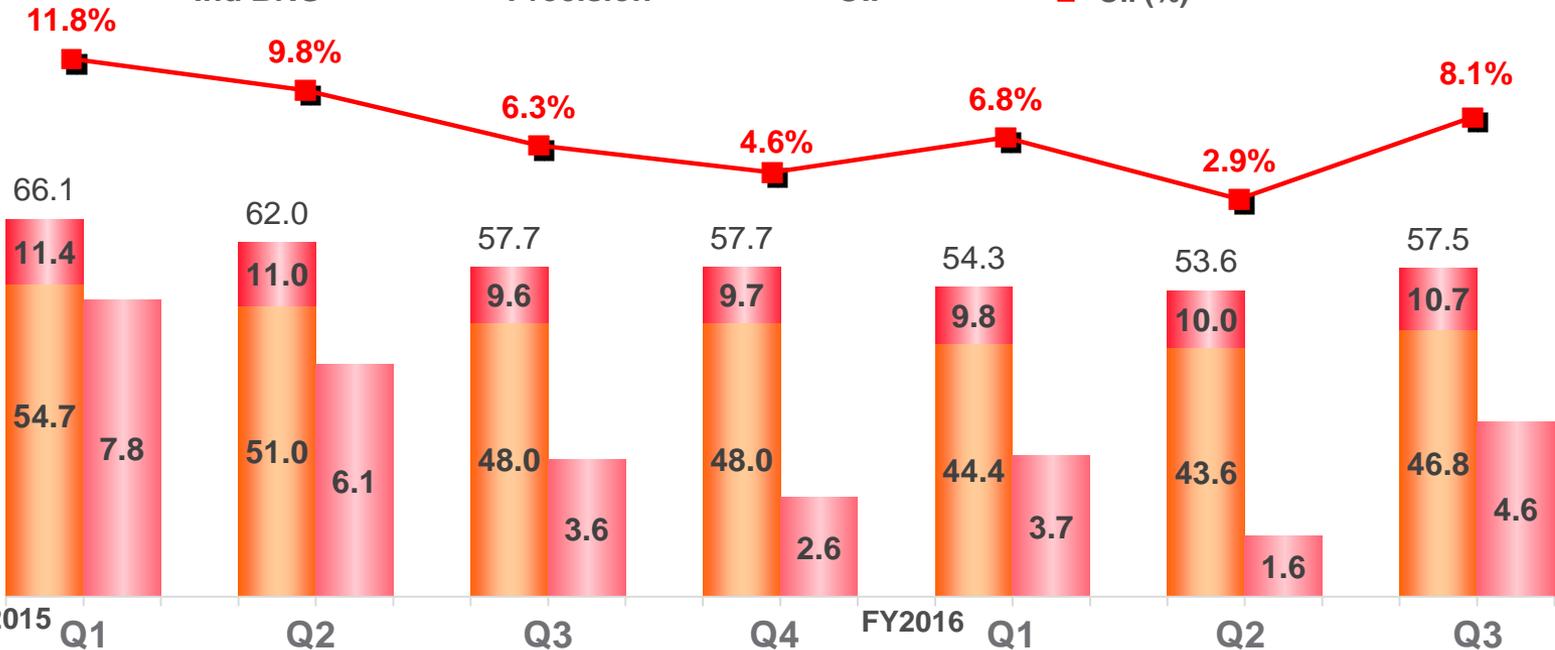
Changes in reporting segments: Part of industrial machinery business operations were transferred to the automotive business. Accordingly, figures for the previous year have been reclassified to match current segments.

Business Results: Industrial Machinery Business



(Billions of yen)

■ Ind BRG ■ Precision ■ O.I ■ O.I (%)

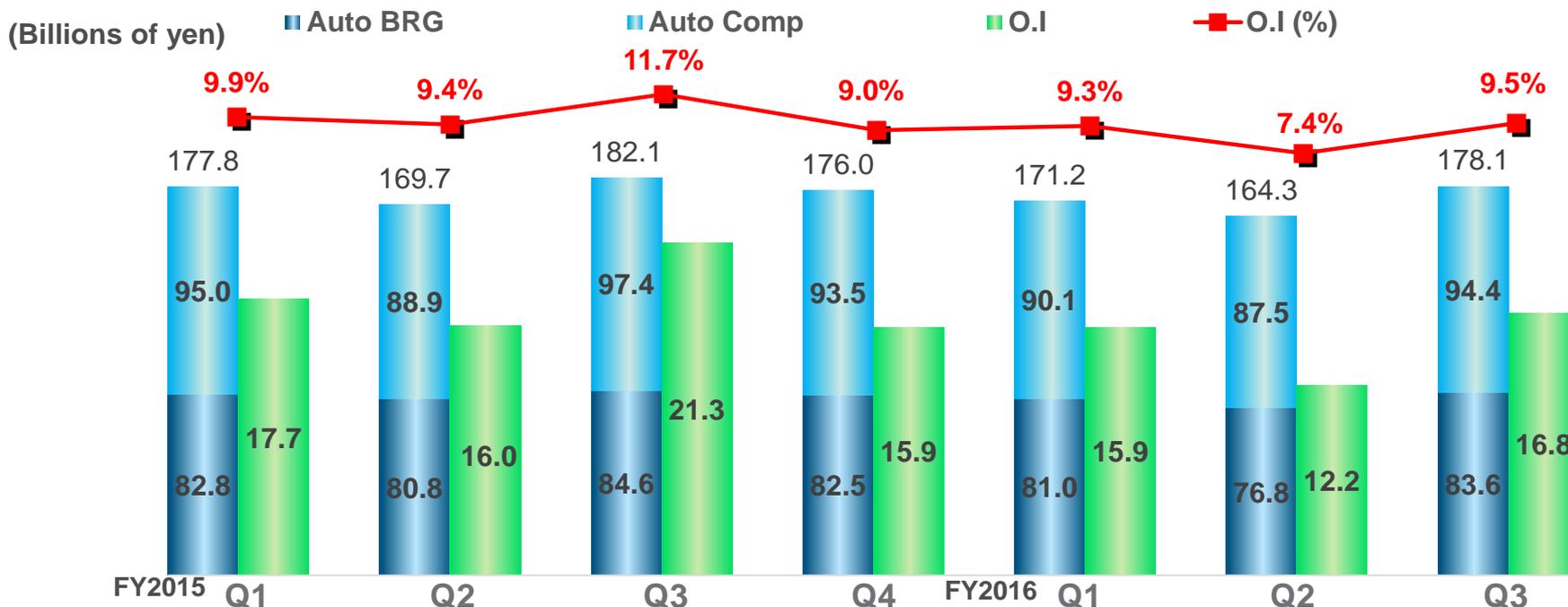


1USD=	¥121.36	¥122.24	¥121.50	¥115.46	¥108.25	¥102.45	¥109.34
1EUR=	¥134.16	¥135.98	¥132.94	¥127.24	¥122.17	¥114.27	¥117.83
1CNY=	¥19.56	¥19.32	¥18.90	¥17.62	¥16.54	¥15.36	¥15.98

Part of industrial machinery business operations were transferred to the automotive business. Accordingly, figures for the previous year have been reclassified to match current segments.

- ✓ YoY: Volume increased, although sales impacted by exchange rate. (Industrial BRG: +5%, Precision: +18%)
- ✓ QoQ: Increase in both sales and operating income due to 5% volume increase and weaker yen.
- ✓ Solid growth in sectors such as machine tools, construction, agriculture and fluids on both YoY and QoQ basis. Wind turbine sector currently in an adjustment phase.
- ✓ Precision: steady increase in semiconductor-related demand saw Q3 sales recover to ¥10 billion level.

Business Results: Automotive Business



1USD=	¥121.36	¥122.24	¥121.50	¥115.46	¥108.25	¥102.45	¥109.34
1EUR=	¥134.16	¥135.98	¥132.94	¥127.24	¥122.17	¥114.27	¥117.83
1CNY=	¥19.56	¥19.32	¥18.90	¥17.62	¥16.54	¥15.36	¥15.98

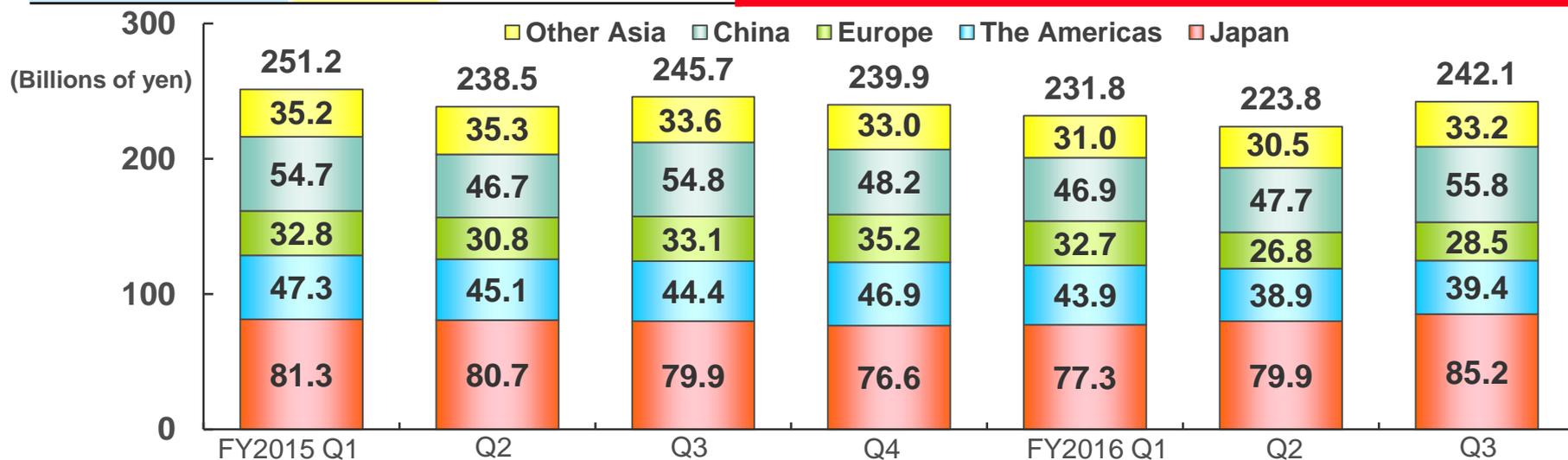
Part of industrial machinery business operations were transferred to the automotive business. Accordingly, figures for the previous year have been reclassified to match current segments.

- ✓ Automotive business remained steady. Volume in China increased substantially.
- ✓ YoY: Volume increased by 6%, although sales decreased due to appreciation of the yen.
- ✓ QoQ: Increase in both sales and operating income due to 6% rise in volume and depreciation of the yen.
- ✓ In order to respond to rapidly-growing needs for vehicle electrification, part of industrial machinery business operations were transferred to the automotive business.

Sales Results by Customer Location



IFRS (Billions of yen)	FY2015			FY2016					
	Q3 <Actual>	Apr-Dec <Actual>	Full year <Actual>	Q3 <Actual>	Increase/ Decrease YOY	% Change	Apr-Dec <Actual>	Increase/ Decrease YOY	% Change
Net sales	245.7	735.5	975.3	242.1	-3.6	-1.5%	697.7	-37.8	-5.1%
Japan	79.9	241.9	318.4	85.2	+5.3	+6.6%	242.4	+0.5	+0.2%
Non-Japan	165.8	493.6	656.9	156.9	-8.9	-5.4%	455.3	-38.3	-7.8%
<Non-Japan ratio>	<67.5%>	<67.1%>	<67.4%>	<64.8%>			<65.3%>		
The Americas	44.4	136.7	183.7	39.4	-4.9	-11.1%	122.2	-14.5	-10.6%
Europe	33.1	96.7	131.8	28.5	-4.6	-13.8%	88.0	-8.7	-9.0%
China	54.8	156.2	204.4	55.8	+1.0	+1.9%	150.5	-5.7	-3.6%
Other Asia	33.6	104.1	137.0	33.2	-0.4	-1.3%	94.7	-9.4	-9.0%

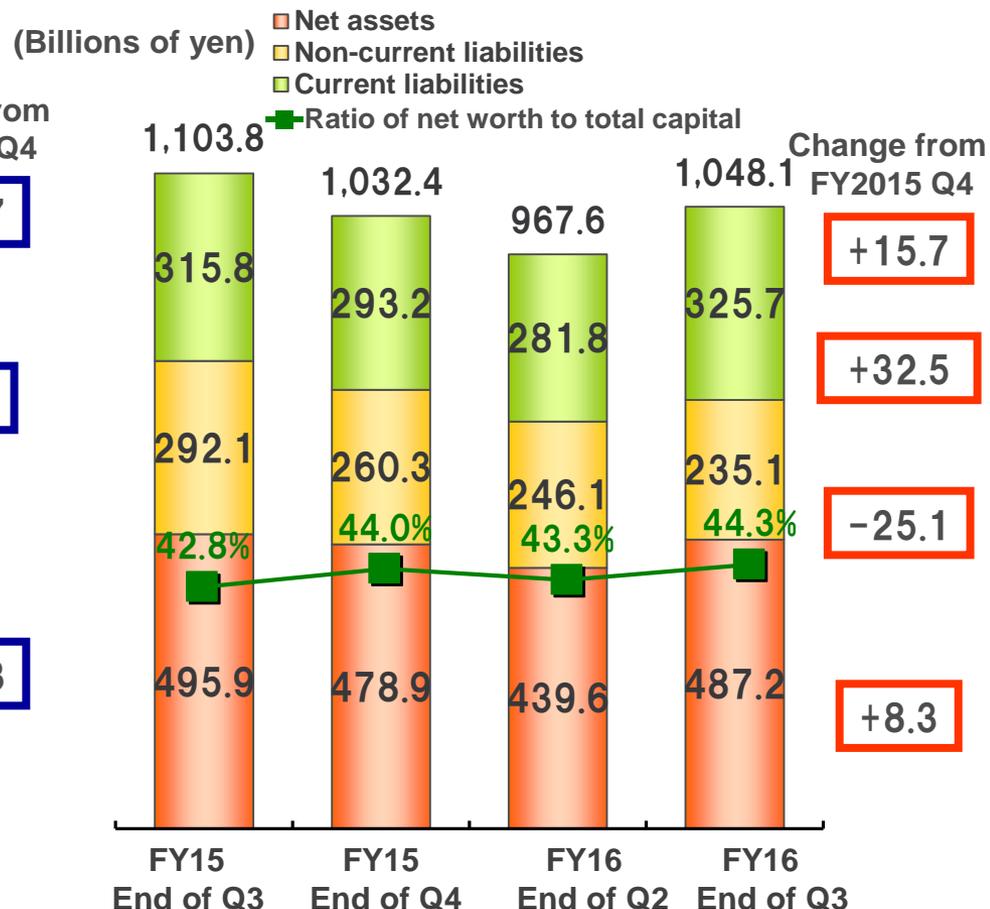
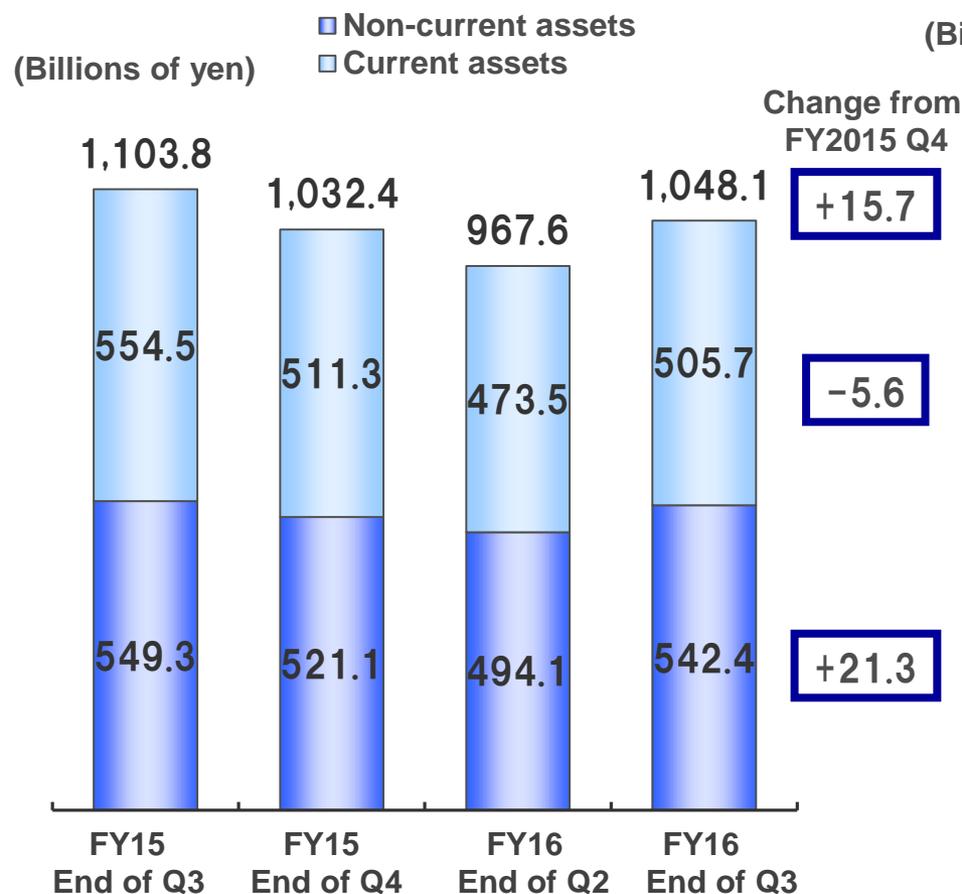


Consolidated Balance Sheet



Assets

Liabilities and Net Assets

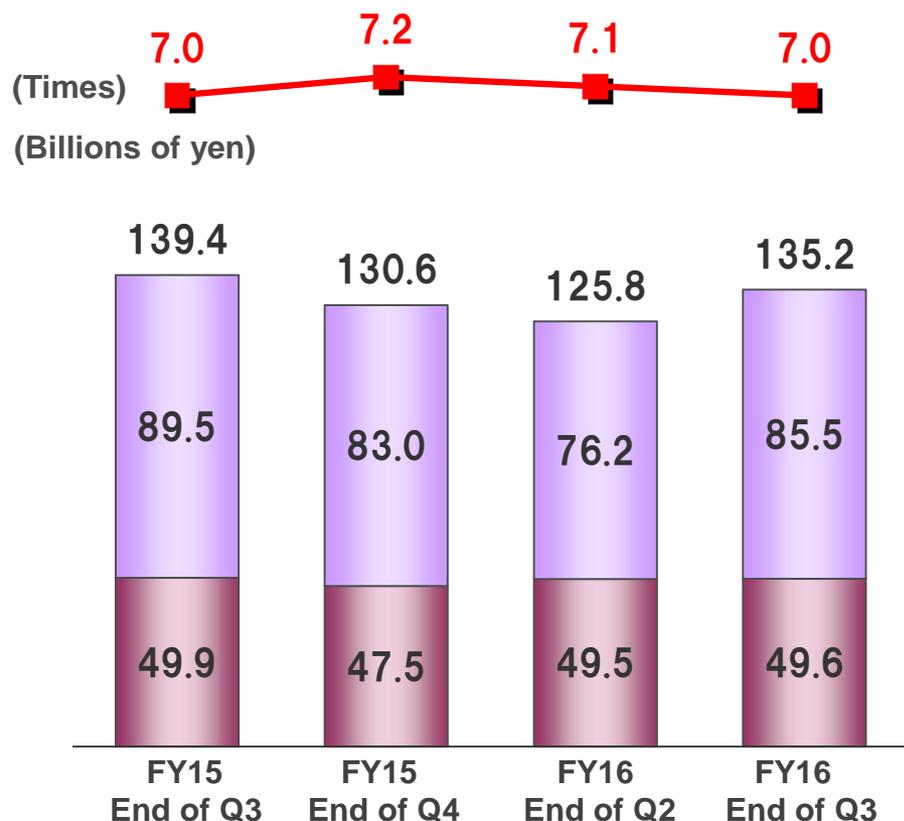


Ex. Rate	FY15 End of Q3	FY15 End of Q4	FY16 End of Q2	FY16 End of Q3
1USD	¥120.61	¥112.68	¥101.12	¥116.53
1EUR	¥131.77	¥127.70	¥113.29	¥122.73
1CNY	¥18.36	¥17.39	¥15.15	¥16.76

Inventories / Interest-Bearing Debt

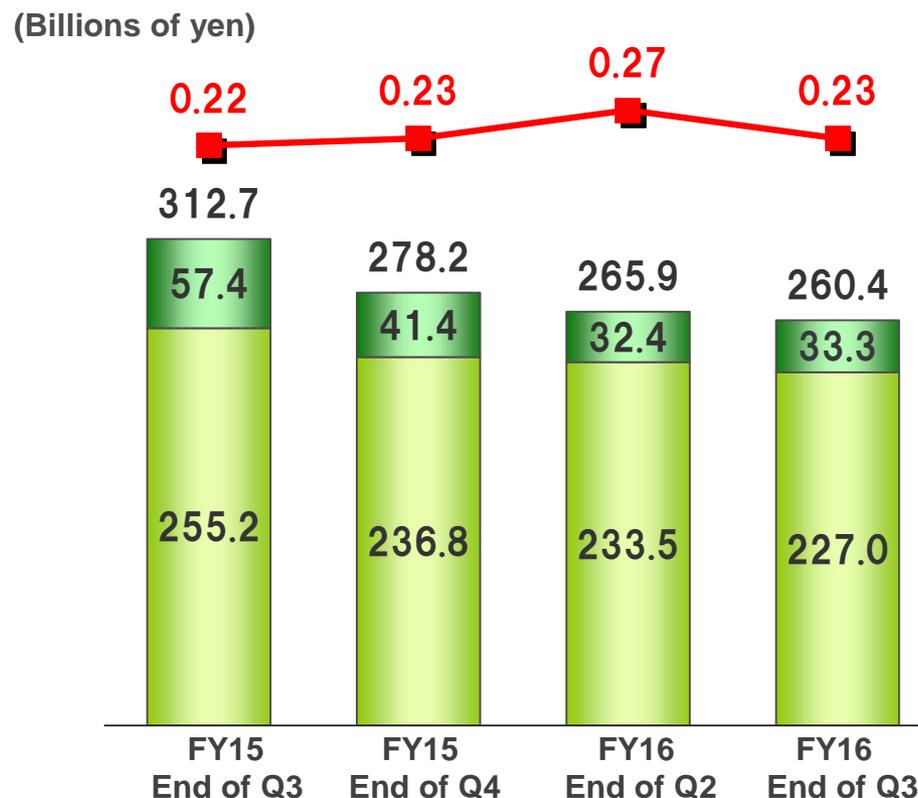
Inventories

Japan Non-Japan Inventory turnover



Interest-Bearing Debt

Japan Non-Japan Net D/E ratio

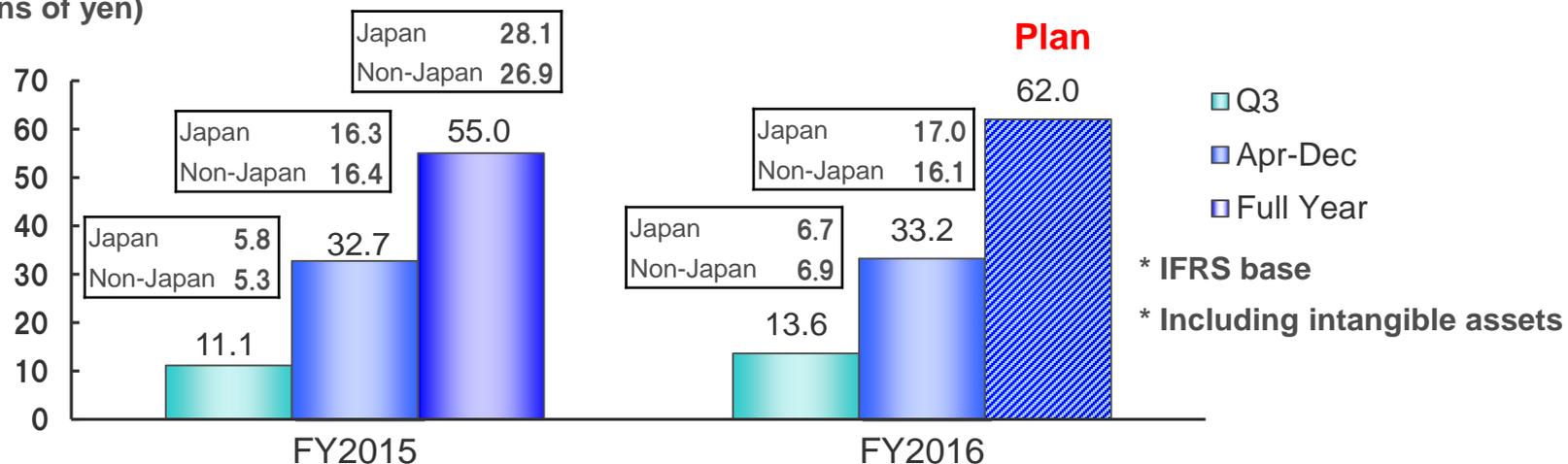


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Capital Expenditure Depreciation and Amortization

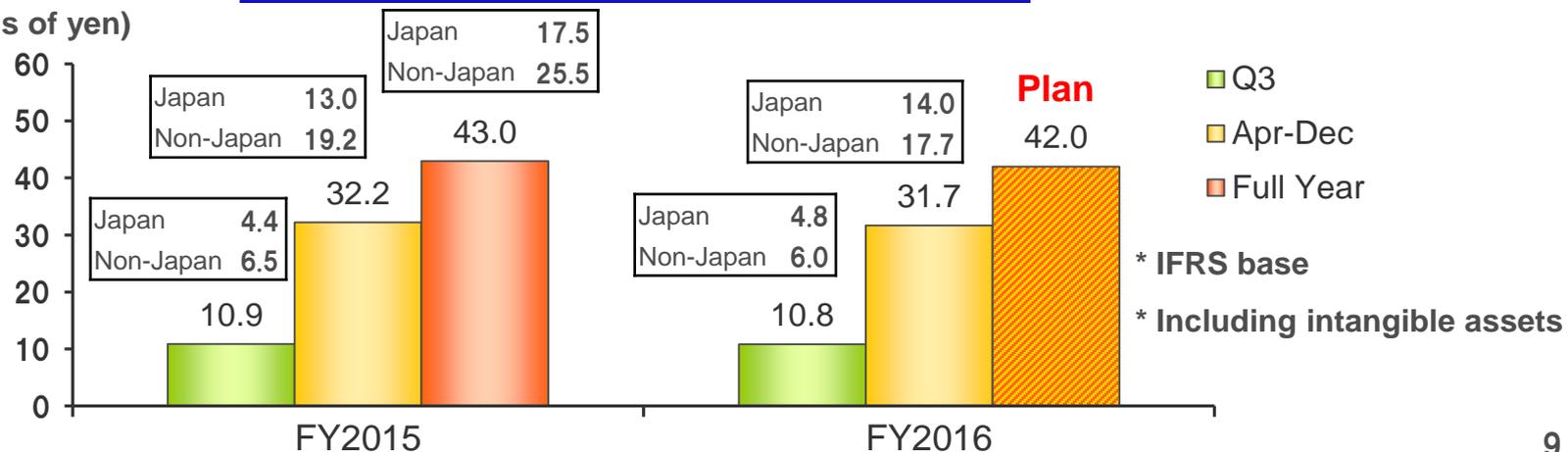
Capital Expenditure

(Billions of yen)

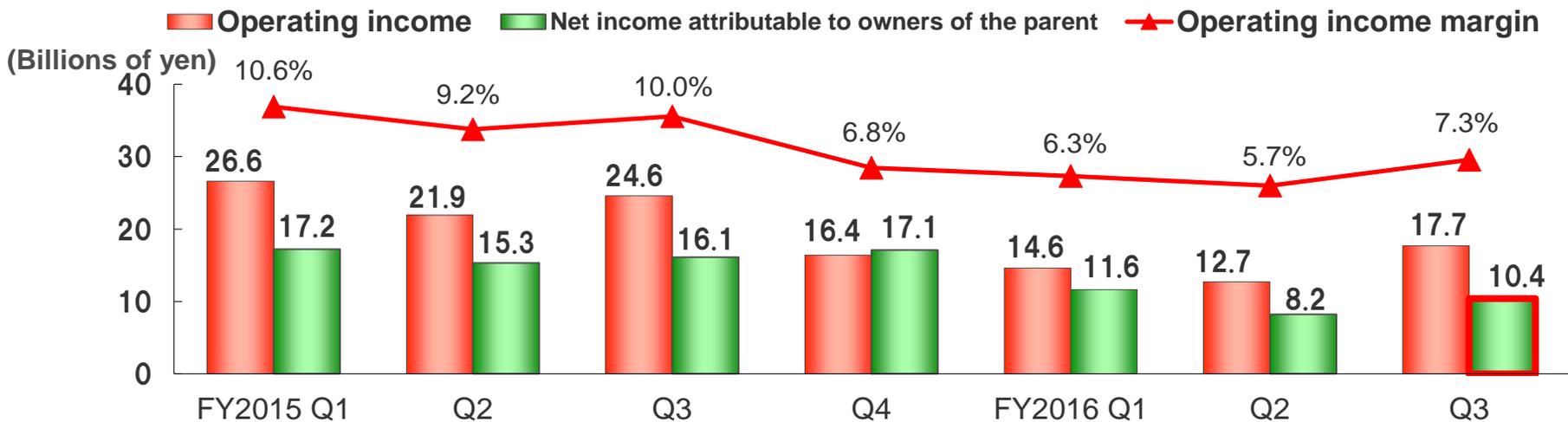
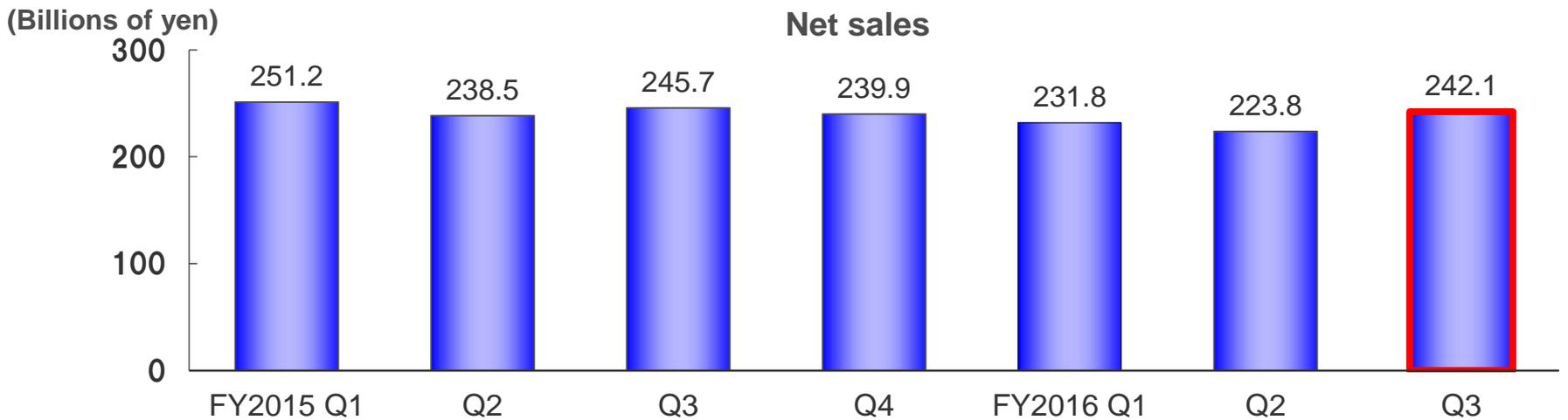


Depreciation and Amortization

(Billions of yen)



(Supplementary Information) Quarterly Business Performance



1USD= ¥121.36 ¥122.24 ¥121.50 ¥115.46 ¥108.25 ¥102.45 ¥109.34

1EUR= ¥134.16 ¥135.98 ¥132.94 ¥127.24 ¥122.17 ¥114.27 ¥117.83

1CNY= ¥19.56 ¥19.32 ¥18.90 ¥17.62 ¥16.54 ¥15.36 ¥15.98

(Supplementary Information) R&D Expenses / Number of Employees



(Billions of yen)	FY2015				FY2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Full year (Plan)
R&D expenses	2.6	2.9	2.7	3.0	2.8	3.2	3.2	13.0

(Headcount)	FY2015				FY2016		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total:	31,467	31,162	31,491	31,587	31,701	31,544	31,545
Japan	11,092	11,065	11,303	11,291	11,503	11,419	11,363
The Americas	3,291	3,263	3,253	3,229	3,183	3,150	3,105
Europe	3,565	3,559	3,543	3,531	3,528	3,520	3,638
Asia	13,519	13,275	13,392	13,536	13,487	13,455	13,439