

NSK Ltd.

For Immediate Release

May 9, 2018

CONSOLIDATED RESULTS FOR THE YEAR ENDED MARCH 31, 2018 (Unaudited) [IFRS]

Company name	NSK Ltd.
Stock exchange on which the shares are listed	Tokyo Stock Exchange in Japan
Code number	6471
URL	http://www.nsk.com/
Representative	Toshihiro Uchiyama, President and CEO
Contact person	Keita Suzuki, Vice President
Date of the ordinary general shareholders' meeting	June 22, 2018
Payment date of cash dividends	June 01, 2018
Filing date of securities report	June 22, 2018

(Figures are rounded down to the nearest million yen)

1. Consolidated financial highlights for the year ended March 31, 2018

(1) Consolidated financial results

(% indicates changes from the previous year)

	Net sales		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2018	1,020,338	7.5	97,875	49.8	97,248	52.9	73,160	49.3	69,312	52.1	96,667	111.7
Year ended Mar. 31, 2017	949,170	-2.7	65,341	-27.0	63,617	-27.1	48,997	-29.3	45,560	-30.7	45,670	276.8

	Basic earnings per share	Diluted earnings per share	Return on equity (ROE)	Income before income taxes / Total assets	Operating income margin
	Yen	Yen	%	%	%
Year ended Mar. 31, 2018	131.16	130.96	13.9	9.1	9.6
Year ended Mar. 31, 2017	86.08	86.03	9.9	6.1	6.9

(Note) Share of profits of investments accounted for using the equity method Year ended Mar. 31, 2018 6,448 million yen Year ended Mar. 31, 2017 5,086 million yen

(Note) Basic earnings per share and diluted earnings per share are calculated based on the net income attributable to owners of the parent.

(2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Equity ratio attributable to owners of the parent	Equity per share attributable to owners of the parent
	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
As of Mar. 31, 2018	1,092,310	561,014	537,175	49.2	1,016.30
As of Mar. 31, 2017	1,043,955	485,011	461,350	44.2	873.11

(3) Consolidated results of cash flow

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at the end of the period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended Mar. 31, 2018	83,746	-53,001	-39,804	131,283
Year ended Mar. 31, 2017	67,936	-54,243	-48,413	139,573

2. Cash dividends

(Record date)	Cash dividends per share					Total dividend (Full-year)	Dividend payout ratio (Consolidated)	Dividend on equity (DOE) (Consolidated)
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year-end	Full-year total			
Year ended Mar. 31, 2017	—	24.00	—	14.00	38.00	20,174	44.1	4.4
Year ended Mar. 31, 2018	—	19.00	—	21.00	40.00	21,245	30.5	4.2
Year ending Mar. 31, 2019 (Forecast)	—	20.00	—	20.00	40.00		30.6	

(Note) Cash dividends for the first half of the fiscal year ended March 31, 2017 is comprised of ¥14.00 per share as an ordinary dividend and of ¥10.00 per share as the 100th anniversary commemorative dividend.

3. Forecast of consolidated results for the year ending March 31, 2019

(% indicates changes from the previous year)

	Net sales		Operating income		Income before income taxes		Net income attributable to owners of the parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Six months ending Sep. 30, 2018	509,000	3.2	47,000	10.0	46,500	9.6	33,000	16.3	62.43
Year ending Mar. 31, 2019	1,020,000	-0.0	98,000	0.1	97,000	-0.3	69,000	-0.5	130.54

Others

(1) Changes in the significant subsidiaries during the period (Changes in specified subsidiaries resulting in change in the scope of consolidation): None

(2) Changes in accounting policies, or changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes excluding the above: None

(iii) Changes in accounting estimates: None

(3) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding at the end of each period (including treasury stock):

As of Mar. 31, 2018 551,268,104 shares As of Mar. 31, 2017 551,268,104 shares

(ii) Number of treasury stock at the end of each period:

As of Mar. 31, 2018 22,707,846 shares As of Mar. 31, 2017 22,870,726 shares

(iii) Average number of shares issued and outstanding in each period:

Year ended Mar. 31, 2018 528,456,757 shares Year ended Mar. 31, 2017 529,279,774 shares

(Reference)

1. Non-consolidated financial highlights for the year ended March 31, 2018

(1) Non-consolidated financial results

(% indicates changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2018	500,535	11.1	9,198	—	37,335	261.2	37,751	146.6
Year ended Mar. 31, 2017	450,407	1.5	-6,428	—	10,336	-56.1	15,308	-32.9

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
Year ended Mar. 31, 2018	71.09	71.08
Year ended Mar. 31, 2017	28.82	28.82

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of Mar. 31, 2018	713,496	282,549	39.5	530.61
As of Mar. 31, 2017	707,961	257,185	36.2	483.12

(Note) Equity capital As of Mar. 31, 2018 281,854 million yen As of Mar. 31, 2017 256,498 million yen

(Note) Figures for non-consolidated financial highlights were formulated based on Japanese GAAP.

(Note) This summary of financial results is not subject to audit procedures by a certified public accountant or accounting auditor.

Cautionary statement with respect to forward-looking statements

The forecasts in this document are based on currently available information, and actual results may materially differ from any future results expressed herein due to various factors.

Please refer to page 5: "Business Forecast" for the assumptions and preconditions on which the forecast has been based.

1. Business overview

(1) Qualitative information regarding consolidated business results

NSK celebrated its 100th anniversary on November 8, 2016. In order to realize NSK's Mission Statement, NSK has established *NSK Vision 2026* (Setting the Future in Motion), an overarching vision of the type of company it aims to become in the 10 years following its 100th anniversary. Based on *NSK Vision 2026*, the NSK Group has been implementing its 5th Mid-Term Management Plan, spanning the three years beginning April 2016. Under the slogan "embark on new chapter in evolution towards next 100 years" and comprising two key policies of "operational excellence" and "innovate and challenge," we are addressing three main management tasks: achieving sustainable growth, reconstructing our profit base, and establishing new growth fields.

Looking at global economic conditions during the year ended March 31, 2018, the Japanese economy underwent a gradual recovery, mainly driven by a pick-up in consumption and steady improvement in employment. The US economy continued to see solid growth due to stronger employment and capital expenditure. The European economy is trending toward recovery, primarily in the Eurozone, on the back of growth in consumption and a moderate increase in capital expenditure. Meanwhile, the Chinese economy enjoyed steady growth, boosted by a range of government policies, while other Asian economies exhibited a gradual recovery.

In this economic environment, consolidated net sales for the year ended March 31, 2018 totaled ¥1,020,338 million, a year-on-year increase of 7.5%, and operating income totaled ¥97,875 million, a year-on-year increase of 49.8%. Income before income taxes was ¥97,248 million, a year-on-year increase of 52.9%. Net income attributable to owners of the parent was ¥69,312 million, a year-on-year increase of 52.1%.

Business segment information

1) Industrial Machinery Business segment

The industrial machinery business has continued to recover. Looking at the Company's results by geographic breakdown, sales in Japan increased, primarily in the machine tool and electrical sectors. In the Americas, sales in the semiconductor and general machinery sectors rose. In Europe, sales increased, primarily in the machine tool and aftermarket sectors. Sales in China also grew steadily due to strength in the electrical, and aftermarket sectors. In other Asian countries, sales increased due to a continuing recovery in demand, primarily in the semiconductor sector.

As a result, net sales in the industrial machinery business totaled ¥266,249 million, a year-on-year increase of 17.3%. Operating income was ¥28,333 million, a year-on-year increase of 93.3%.

2) Automotive Business segment

The global automotive business continued its gradual expansion. Looking at the Company's results by geographic breakdown, sales in Japan increased, primarily in products for transmission systems. In the Americas, sales declined due to slowdown in the US automotive market. In Europe, sales increased due to solid vehicle sales. In China, the increase in sales was slight, partially due to a change in product mix. Meanwhile, sales in other Asian countries rose, primarily in India.

As a result, net sales in the automotive business totaled ¥723,564 million, a year-on-year increase of 3.9%. Operating income totaled ¥65,963 million, a year-on-year increase of 2.1%.

(2) Qualitative information regarding consolidated financial position

Assets and liabilities

Total assets were ¥1,092,310 million, an increase of ¥48,355 million compared to total assets on March 31, 2017. The main reasons for this were increases of ¥16,245 million in trade receivables and other receivables, ¥11,242 million in inventories, ¥22,691 million in property, plant and equipment, and ¥9,202 million in net defined benefit assets, which offset a decrease of ¥10,330 million in other financial assets (current).

Total liabilities were ¥531,296 million, a decrease of ¥27,647 million compared to total liabilities as of March 31, 2017. The main reasons for this were decreases of ¥8,415 million in trade payables and other payables, ¥2,072 million in other financial liabilities (current), ¥14,230 million in financial liabilities (non-current), ¥5,817 million in net defined benefit liabilities, and ¥3,210 million in provisions (non-current), which offset an increase of ¥5,823 million in deferred tax liabilities.

Total equity

Total equity totaled ¥561,014 million, an increase of ¥76,003 million compared to total equity as of March 31, 2017. The main reasons for this were increases of ¥69,312 million in net income attributable to owners of the parent, and ¥20,649 million in other components of equity.

(3) Qualitative information regarding cash flows

Total cash and cash equivalents at the end of the period were ¥131,283 million, a year-on-year decrease of ¥8,289 million.

1) Net cash flow provided by operating activities

Net cash flow provided by operating activities totaled ¥83,746 million, an increase of ¥15,810 million, compared to the same period of the previous year. The main cash inflows were ¥97,248 million in income before income taxes, and ¥46,785 million in depreciation and amortisation. Meanwhile, the main cash outflows were a ¥12,464 million increase in trade receivables, a ¥10,382 million increase in inventories, a ¥11,116 million decrease in trade payables, and ¥18,835 million in income tax paid.

2) Net cash flow used in investing activities

Net cash flow used in investing activities totaled ¥53,001 million, a decrease of ¥1,241 million compared to the same period of the previous year. The main cash outflow was ¥61,397 million in purchases of property, plant and equipment. Meanwhile, the main cash inflow was ¥16,941 million in proceeds from sale and redemption of other financial assets.

3) Net cash flow used in financing activities

Net cash flow used in financing activities totaled ¥39,804 million, a decrease of ¥8,609 million compared to the same period of the previous year. The main outflows were ¥48,687 million in repayments of long-term loans and ¥17,438 million in dividends paid. Meanwhile, the main cash inflows were ¥12,000 million in proceeds from long-term loans and ¥20,000 million in proceeds from issuance of corporate bonds.

(4) Business forecast

Regarding the business environment for the year ending March 31, 2019, although the future direction of the global economy remains uncertain in light of concerns over trade friction and increasing global geopolitical risk, among other factors, overall, the recent trend of gradual growth is expected to continue. NSK anticipates a recovery in the industrial machinery market and steady demand in the automotive market backed by solid growth in the global economy. Meanwhile, with the Japanese yen anticipated to strengthen, NSK has set its internal currency rates at ¥105 to the US dollar and ¥125 to the euro respectively.

Given such circumstances, NSK forecasts the following financial results for the year ending March 31, 2019.

	<u>Year ending Mar. 31, 2019</u>	(Changes from the previous year)
Consolidated financial highlights		
(IFRS)		
Net sales	¥ 1,020,000 million	(-0.0%)
Operating income	98,000	(+0.1%)
Income before income taxes	97,000	(-0.3%)
Net income attributable to owners of the parent	69,000	(-0.5%)

*Exchange rate forecast for the year ending March 31, 2019:

U.S.\$1=¥105, 1€=¥125

*Please refer to page 16: "Supplementary material of consolidated results for the year ended March 31, 2018" for business forecast by segment.

Notes

All forecasts are based on a number of assumptions regarding business environment and policies, and are subject to change with various factors. Actual financial results may differ materially and NSK accepts no liability whatsoever for any direct or consequential loss arising from any use of this report.

(5) Basic policy on appropriation of retained earnings and dividends

NSK places great importance on shareholder returns. Our basic dividend policy is to provide dividends to our shareholders on an ongoing basis. Specifically, we aim to pay a per-share dividend, maintaining a dividend payout ratio of approximately 30% on a consolidated basis, while taking into account financial situation.

The year-end dividend for the fiscal year ended March 31, 2018 will be ¥21.00 per share. The dividend for the first half of the year, paid on December 1, 2017, was ¥19.00 per share. Accordingly, the full year dividend for the fiscal year ended March 31, 2018 will be ¥40.00 per share, a year-on-year increase of ¥2.00.

Dividends for the year ending March 31, 2019 are planned to be ¥40.00 per share (¥20.00 per share for the first half of the year).

2. Basic stance on selection of accounting standards

Beginning with the consolidated financial statements in the Annual Securities Report for the year ended March 2016, NSK has adopted International Financial Reporting Standards (IFRS) in order to improve management efficiency through standardization of the group's financial reporting and enhance comparability of financial information across international capital markets.

3. Consolidated financial statements and notes

(1) Consolidated statements of financial position

(Millions of yen)

	As of Mar.31, 2017	As of Mar.31, 2018
Assets		
Current assets		
Cash and cash equivalents	139,573	131,283
Trade receivables and other receivables	200,954	217,200
Inventories	131,810	143,052
Other financial assets	12,284	1,953
Income tax receivables	3,024	1,006
Other current assets	18,637	16,848
Total current assets	506,284	511,346
Non-current assets		
Property, plant and equipment	329,183	351,875
Intangible assets	17,174	18,191
Investments accounted for using equity method	23,186	27,168
Other financial assets	88,904	96,543
Deferred tax assets	21,052	18,931
Net defined benefit assets	54,969	64,171
Other non-current assets	3,198	4,082
Total non-current assets	537,670	580,964
Total assets	1,043,955	1,092,310
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables and other payables	150,212	141,797
Other financial liabilities	111,240	109,168
Provisions	60	66
Income tax payables	4,540	6,123
Other current liabilities	52,548	50,804
Total current liabilities	318,603	307,960
Non-current liabilities		
Financial liabilities	157,240	143,009
Provisions	15,327	12,116
Deferred tax liabilities	37,089	42,913
Net defined benefit liabilities	24,771	18,954
Other non-current liabilities	5,911	6,341
Total non-current liabilities	240,340	223,335
Total liabilities	558,943	531,296
Equity		
Issued capital	67,176	67,176
Capital surplus	79,676	80,264
Retained earnings	308,395	362,859
Treasury shares	-17,937	-17,815
Other components of equity	24,039	44,689
Total equity attributable to owners of the parent	461,350	537,175
Non-controlling interests	23,661	23,839
Total equity	485,011	561,014
Total liabilities and equity	1,043,955	1,092,310

(2) Consolidated statements of income and consolidated statements of comprehensive income**Consolidated statements of income**

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Sales	949,170	1,020,338
Cost of sales	738,434	788,052
Gross profit	210,736	232,286
Selling, general and administrative expenses	132,021	138,459
Share of profits of investments accounted for using the equity method	5,086	6,448
Other operating expenses	18,458	2,398
Operating income (loss)	65,341	97,875
Financial income	2,576	2,476
Financial expenses	4,301	3,103
Income (loss) before income taxes	63,617	97,248
Income tax expense	14,619	24,087
Net income	48,997	73,160
Net income attributable to:		
Owners of the parent	45,560	69,312
Non-controlling interests	3,437	3,848
(Net income per share attributable to owners of the parent)		
Basic earnings per share (yen)	86.08	131.16
Diluted earnings per share (yen)	86.03	130.96

Consolidated statements of comprehensive income

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Net income	48,997	73,160
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liability (asset)	-3,608	11,061
Net changes in financial assets measured at fair value through other comprehensive income	8,707	8,279
Share of other comprehensive income of investments accounted for using equity method	131	155
Total items that will not be reclassified to profit or loss	5,231	19,496
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	-8,419	3,917
Share of other comprehensive income of investments accounted for using equity method	-138	93
Total items that may be reclassified to profit or loss	-8,558	4,010
Total other comprehensive income, net of tax	-3,327	23,506
Total comprehensive income for the period	45,670	96,667
Total comprehensive income for the period attributable to:		
Owners of the parent	42,430	92,551
Non-controlling interests	3,240	4,116

(3) Consolidated statements of changes in equity

From April 1, 2016 to March 31, 2017

(Millions of yen)

	Equity attributable to owners of the parent			
	Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance	67,176	79,603	278,524	-3,949
Net income	—	—	45,560	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	45,560	—
Purchase of treasury shares	—	—	—	-15,008
Disposal of treasury shares	—	27	—	1,021
Share-based payment transactions	—	383	—	—
Cash dividends	—	—	-21,905	—
Changes in the ownership interest in subsidiaries	—	-339	—	—
Other	—	—	6,216	—
Total transactions with owners, etc.	—	72	-15,689	-13,987
Closing balance	67,176	79,676	308,395	-17,937

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity				Total		
	Exchange differences on translating foreign operations	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liability (asset)	Total			
Opening balance	-3,191	35,292	1,204	33,306	454,661	24,210	478,871
Net income	—	—	—	—	45,560	3,437	48,997
Other comprehensive income	-8,340	8,705	-3,495	-3,130	-3,130	-196	-3,327
Total comprehensive income for the period	-8,340	8,705	-3,495	-3,130	42,430	3,240	45,670
Purchase of treasury shares	—	—	—	—	-15,008	—	-15,008
Disposal of treasury shares	—	—	—	—	1,048	—	1,048
Share-based payment transactions	—	—	—	—	383	—	383
Cash dividends	—	—	—	—	-21,905	-2,482	-24,388
Changes in the ownership interest in subsidiaries	—	—	—	—	-339	-1,305	-1,645
Other	—	-6,136	—	-6,136	80	—	80
Total transactions with owners, etc.	—	-6,136	—	-6,136	-35,741	-3,788	-39,530
Closing balance	-11,531	37,862	-2,290	24,039	461,350	23,661	485,011

From April 1, 2017 to March 31, 2018

(Millions of yen)

	Equity attributable to owners of the parent			
	Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance	67,176	79,676	308,395	-17,937
Net income	—	—	69,312	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	69,312	—
Purchase of treasury shares	—	—	—	-11
Disposal of treasury shares	—	119	—	134
Share-based payment transactions	—	591	—	—
Cash dividends	—	—	-17,452	—
Changes in the ownership interest in subsidiaries	—	-122	—	—
Other	—	—	2,604	—
Total transactions with owners, etc.	—	588	-14,848	122
Closing balance	67,176	80,264	362,859	-17,815

	Equity attributable to owners of the parent							Non-controlling interests	Total equity
	Other components of equity				Total	Total	Total equity		
	Exchange differences on translating foreign operations	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liability (asset)	Total					
Opening balance	-11,531	37,862	-2,290	24,039	461,350	23,661	485,011		
Net income	—	—	—	—	69,312	3,848	73,160		
Other comprehensive income	3,757	8,311	11,170	23,239	23,239	267	23,506		
Total comprehensive income for the period	3,757	8,311	11,170	23,239	92,551	4,116	96,667		
Purchase of treasury shares	—	—	—	—	-11	—	-11		
Disposal of treasury shares	—	—	—	—	253	—	253		
Share-based payment transactions	—	—	—	—	591	—	591		
Cash dividends	—	—	—	—	-17,452	-3,231	-20,684		
Changes in the ownership interest in subsidiaries	—	—	—	—	-122	-706	-828		
Other	—	-2,589	—	-2,589	15	—	15		
Total transactions with owners, etc.	—	-2,589	—	-2,589	-16,726	-3,938	-20,664		
Closing balance	-7,774	43,584	8,880	44,689	537,175	23,839	561,014		

(4) Consolidated statements of cash flows

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Operating activities		
Income before income taxes	63,617	97,248
Depreciation and amortisation	43,354	46,785
Increase (decrease) in net defined benefit liability and net defined benefit asset	-20,133	-985
Interest and dividend income	-2,414	-2,329
Interest expenses	3,701	2,978
Share of profits of investments accounted for using the equity method	-5,086	-6,448
Decrease (increase) in trade receivables	-22,007	-12,464
Decrease (increase) in inventories	-3,756	-10,382
Increase (decrease) in trade payables	14,439	-11,116
Other	13,446	-2,957
Subtotal	85,161	100,328
Interest and dividend received	6,440	5,174
Interest expenses paid	-3,746	-2,921
Income tax paid	-19,919	-18,835
Net cash provided by operating activities	67,936	83,746
Investing activities		
Purchases of property, plant and equipment	-53,297	-61,397
Proceeds from sale of property, plant and equipment	2,932	386
Purchases of other financial assets	-11,166	-162
Proceeds from sale and redemption of other financial assets	10,785	16,941
Other	-3,498	-8,769
Net cash used in investing activities	-54,243	-53,001
Financial activities		
Proceeds from long-term loans	6,914	12,000
Repayments of long-term loans	-17,963	-48,687
Proceeds from issuance of corporate bonds	20,000	20,000
Payments for redemption of corporate bonds	-20,000	—
Acquisition of treasury shares	-15,001	-4
Dividends paid	-21,882	-17,438
Dividends paid to non-controlling interests	-2,482	-3,233
Other	2,003	-2,440
Net cash provided by (used in) financial activities	-48,413	-39,804
Effect of exchange rate changes on cash and cash equivalents	-1,221	770
Net increase (decrease) in cash and cash equivalents	-35,942	-8,289
Cash and cash equivalents at beginning of the period	175,515	139,573
Cash and cash equivalents at the end of the period	139,573	131,283

(5) Notes to consolidated balance sheet

Going concern assumption

None.

Segment information

1) Overview of reportable segments

NSK's two business division headquarters, based at the Group's headquarters in Tokyo and, classified by the industry of their customers, develop and implement comprehensive global strategies for the respective products they handle. Given this background, the NSK Group classifies its reportable segments into the Industrial Machinery Business and the Automotive Business.

2) Segment revenue and performance

From April 1, 2016 to March 31, 2017

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
Sales							
Sales to third parties	226,924	696,271	923,195	25,974	949,170	—	949,170
Intersegment sales	—	—	—	26,883	26,883	-26,883	—
Total	226,924	696,271	923,195	52,858	976,053	-26,883	949,170
Segment income (loss) (Operating income)	14,660	64,577	79,238	4,415	83,654	-18,312	65,341
Total financial income (expenses)							-1,724
Income before income taxes							63,617
Other items							
Capital expenditure	15,844	39,677	55,521	3,304	58,826	-223	58,602
Depreciation and amortisation	9,312	31,169	40,482	3,213	43,696	-341	43,354
Equity gain from investment in associates	766	4,270	5,037	45	5,082	3	5,086

(Note 1) "Others" refers to operating segments excluded from reportable segments and include such businesses as the production and sales of steel balls and production of machineries.

(Note 2) The -¥18,312 million adjustment made for segment income (loss) includes intersegment elimination of ¥146 million and -¥18,458 million in other operating expenses not allocated to the reportable segments.

From April 1, 2017 to March 31, 2018

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
Sales							
Sales to third parties	266,249	723,564	989,814	30,524	1,020,338	—	1,020,338
Intersegment sales	—	—	—	27,388	27,388	-27,388	—
Total	266,249	723,564	989,814	57,913	1,047,727	-27,388	1,020,338
Segment income (loss) (Operating income)	28,333	65,963	94,297	5,672	99,969	-2,093	97,875
Total financial income (expenses)							-627
Income before income taxes							97,248
Other items							
Capital expenditure	15,634	49,646	65,280	3,507	68,788	—	68,788
Depreciation and amortisation	9,689	34,072	43,762	3,328	47,090	-305	46,785
Equity gain from investment in associates	1,121	5,282	6,404	44	6,448	—	6,448

(Note 1) "Others" refers to operating segments excluded from reportable segments and include such businesses as the production and sales of steel balls and production of machineries.

(Note 2) The -¥2,093 million adjustment made for segment income (loss) includes intersegment elimination of ¥305 million and -¥2,398 million in other operating expenses not allocated to the reportable segments.

3) Information by product and service

This information is omitted as similar information has been disclosed in "Segment revenue and performance".

4) Information by region

① Sales to third parties

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Japan	330,512	372,134
The Americas	165,177	155,498
Europe	121,920	137,856
China	201,185	212,097
Other Asia	130,373	142,752
Total	949,170	1,020,338

(Note 1) Sales are based on the customers' location and categorized by either countries or regions.

(Note 2) The categories of the countries or the regions are based on the proximity.

(Note 3) Main countries and regions belonging to other regions apart from Japan and China are follows;

The Americas: the United States, Canada, Mexico, Brazil, etc.

Europe: the United Kingdom, Germany, Poland, and other European countries, etc.

Other Asia: East and South East Asian countries (apart from Japan and China), India, Australia, etc.

② Non-current assets

(Millions of yen)

	As of Mar.31, 2017	As of Mar.31, 2018
Japan	167,335	184,407
The Americas	31,504	30,872
Europe	30,366	35,302
China	70,402	72,601
Other Asia	46,749	46,882
Total	346,358	370,066

(Note 1) Non-current assets represent the amount of property, plant and equipment and intangible assets.

(Note 2) The categories of the countries or the regions are based on the proximity.

(Note 3) Main countries and regions belonging to other regions apart from Japan and China are follows;

The Americas: the United States, Canada, Mexico, Brazil, etc.

Europe: the United Kingdom, Germany, Poland, and other European countries, etc.

Other Asia: East and South East Asian countries (apart from Japan and China), India, Australia, etc.

5) Information on major customers

In terms of sales to third parties, none of the counterparties accounted for 10% or more of sales in the consolidated statements of income in the previous consolidated fiscal year or the consolidated fiscal year under review; therefore, no information on major customers is stated.

Per share information**1) Basic earnings per share and diluted earnings per share**

	Year ended Mar.31, 2017	Year ended Mar.31, 2018
Basic earnings per share	¥86.08	¥131.16
Diluted earnings per share	¥86.03	¥130.96

2) Basis of calculation of basic earnings per share and diluted earnings per share

	Year ended Mar.31, 2017	Year ended Mar.31, 2018
Net income attributable to owners of the parent (millions of yen)	45,560	69,312
Weighted average number of issued common shares (thousand shares)	529,279	528,456
Impact of dilution: share options (thousand shares)	28	46
Impact of dilution: board benefit trust, etc. (thousand shares)	268	761
Weighted average number of issued common shares after dilution (thousand shares)	529,576	529,264

Events after the reporting period

None.

(2)2018年3月期 決算短信 補足説明資料

Supplementary material of consolidated results for the year ended March 31, 2018

1. 決算概要 / Summary of financial results

(百万円 / ¥Million)	2017年3月期 / FY2016			2018年3月期 / FY2017					
	1H	2H	Full year	1H	対前年同期比 YoY	2H	対前年同期比 YoY	Full year	対前年比 YoY
売上高 Net sales	455,580	493,590	949,170	493,325	108.3%	527,013	106.8%	1,020,338	107.5%
営業利益 Operating income	27,328	38,013	65,341	42,734	156.4%	55,141	145.1%	97,875	149.8%
税引前利益 Income before income taxes	26,511	37,105	63,617	42,439	160.1%	54,809	147.7%	97,248	152.9%
親会社の所有者に帰属する当期利益 Net income attributable to owners of the parent	19,869	25,691	45,560	28,383	142.9%	40,928	159.3%	69,312	152.1%
基本的1株当たり当期利益(円) Basic earnings per share (yen)	37.48	48.62	86.08	53.71	—	77.45	—	131.16	—

(百万円 / ¥Million)	2017年3月期 / FY2016				2018年3月期 / FY2017							
	1Q	2Q	3Q	4Q	1Q	対前年同期比 YoY	2Q	対前年同期比 YoY	3Q	対前年同期比 YoY	4Q	対前年同期比 YoY
売上高 Net sales	231,818	223,762	242,078	251,511	243,834	105.2%	249,491	111.5%	264,344	109.2%	262,669	104.4%
営業利益 Operating income	14,637	12,690	17,682	20,330	23,314	159.3%	19,420	153.0%	27,947	158.0%	27,194	133.8%
税引前四半期利益 Income before income taxes	14,668	11,843	17,512	19,593	23,567	160.7%	18,871	159.4%	28,002	159.9%	26,807	136.8%
親会社の所有者に帰属する四半期利益 Net income attributable to owners of the parent	11,634	8,234	10,412	15,278	16,546	142.2%	11,836	143.7%	19,700	189.2%	21,228	138.9%
基本的1株当たり四半期利益(円) Basic earnings per share (yen)	21.87	15.58	19.71	28.92	31.31	—	22.40	—	37.28	—	40.16	—
連結子会社数(社) Consolidated subsidiaries	90	90	89	89	89	—	89	—	90	—	90	—
日本 Japan	20	19	19	19	19	—	19	—	19	—	19	—
海外 Non-Japan	70	71	70	70	70	—	70	—	71	—	71	—
期末従業員数(人) Number of employees	31,701	31,544	31,545	31,501	31,614	—	31,760	—	32,021	—	31,861	—
日本 Japan	11,503	11,419	11,363	11,291	11,575	—	11,564	—	11,634	—	11,607	—
海外 Non-Japan	20,198	20,125	20,182	20,210	20,039	—	20,196	—	20,387	—	20,254	—

<予想 / Forecast>

(百万円 / ¥Million)	2019年3月期 / FY2018					
	前半予想 1H FCT	対前年同期比 YoY	後半予想 2H FCT	対前年同期比 YoY	通期予想 Full year FCT	対前年比 YoY
売上高 Net sales	509,000	103.2%	511,000	97.0%	1,020,000	100.0%
営業利益 Operating income	47,000	110.0%	51,000	92.5%	98,000	100.1%
税引前利益 Income before income taxes	46,500	109.6%	50,500	92.1%	97,000	99.7%
親会社の所有者に帰属する当期利益 Net income attributable to owners of the parent	33,000	116.3%	36,000	88.0%	69,000	99.5%

2. 売上高 / Sales ※

(百万円 / ¥Million)	2017年3月期 / FY2016			2018年3月期 / FY2017					
	1H	2H	Full year	1H	対前年同期比 YoY	2H	対前年同期比 YoY	Full year	対前年比 YoY
報告セグメント Business segment data									
産業機械事業 Industrial machinery business	107,858	119,066	226,924	126,917	117.7%	139,332	117.0%	266,249	117.3%
自動車事業 Automotive business	335,407	360,864	696,271	352,139	105.0%	371,425	102.9%	723,564	103.9%
計 Sub total	443,265	479,930	923,195	479,056	108.1%	510,757	106.4%	989,814	107.2%
その他 Others	23,834	29,023	52,858	26,684	112.0%	31,228	107.6%	57,913	109.6%
調整額 Adjustments	△ 11,519	△ 15,363	△ 26,883	△ 12,416	—	△ 14,972	—	△ 27,388	—
合計 Total	455,580	493,590	949,170	493,325	108.3%	527,013	106.8%	1,020,338	107.5%

(百万円 / ¥Million)	2017年3月期 / FY2016				2018年3月期 / FY2017							
	1Q	2Q	3Q	4Q	1Q	対前年同期比 YoY	2Q	対前年同期比 YoY	3Q	対前年同期比 YoY	4Q	対前年同期比 YoY
報告セグメント Business segment data												
産業機械事業 Industrial machinery business	54,256	53,601	57,526	61,539	62,580	115.3%	64,336	120.0%	68,547	119.2%	70,784	115.0%
自動車事業 Automotive business	171,156	164,250	178,074	182,789	174,174	101.8%	177,964	108.3%	187,822	105.5%	183,602	100.4%
計 Sub total	225,413	217,852	235,601	244,329	236,755	105.0%	242,301	111.2%	256,370	108.8%	254,386	104.1%
その他 Others	11,487	12,347	14,021	15,001	12,988	113.1%	13,696	110.9%	15,188	108.3%	16,039	106.9%
調整額 Adjustments	△ 5,082	△ 6,437	△ 7,544	△ 7,818	△ 5,909	—	△ 6,506	—	△ 7,214	—	△ 7,757	—
合計 Total	231,818	223,762	242,078	251,511	243,834	105.2%	249,491	111.5%	264,344	109.2%	262,669	104.4%

※売上高、営業利益は、2017年3月期中に一部事業の担当領域を「産業機械事業」から「自動車事業」に変更したことに伴い、2017年3月期1Qに遡って組み替えて表示しています。

Part of industrial machinery business operations were transferred to the automotive business in the year ended March 31, 2017.

Accordingly, sales and operating income have been reclassified from the first quarter of the previous year to match current segments.

<予想 / Forecast>

(百万円 / ¥Million)	2019年3月期 / FY2018					
	前半予想 1H FCT	対前年同期比 YoY	後半予想 2H FCT	対前年同期比 YoY	通期予想 Full year FCT	対前年比 YoY
産業機械事業 Industrial machinery business	139,000	109.5%	144,000	103.4%	283,000	106.3%
自動車事業 Automotive business	355,000	100.8%	351,000	94.5%	706,000	97.6%
その他 Others	32,000	119.9%	33,000	105.7%	65,000	112.2%
調整額 Adjustments	△ 17,000	—	△ 17,000	—	△ 34,000	—
合計 Total	509,000	103.2%	511,000	97.0%	1,020,000	100.0%

3. 営業利益 / Operating income ※

(百万円 / ¥Million)	2017年3月期 / FY2016			2018年3月期 / FY2017					
	1H	2H	Full year	1H	対前年同期比 YoY	2H	対前年同期比 YoY	Full year	対前年比 YoY
報告セグメント Business segment data									
産業機械事業 Industrial machinery business	5,288	9,372	14,660	10,246	193.7%	18,087	193.0%	28,333	193.3%
自動車事業 Automotive business	28,083	36,493	64,577	31,232	111.2%	34,731	95.2%	65,963	102.1%
計 Sub total	33,372	45,865	79,238	41,478	124.3%	52,818	115.2%	94,297	119.0%
その他 Others	1,518	2,897	4,415	2,571	169.4%	3,100	107.0%	5,672	128.5%
調整額 Adjustments	△ 7,561	△ 10,750	△ 18,312	△ 1,315	—	△ 777	—	△ 2,093	—
合計 Total	27,328	38,013	65,341	42,734	156.4%	55,141	145.1%	97,875	149.8%

(百万円 / ¥Million)	2017年3月期 / FY2016				2018年3月期 / FY2017							
	1Q	2Q	3Q	4Q	1Q	対前年同期比 YoY	2Q	対前年同期比 YoY	3Q	対前年同期比 YoY	4Q	対前年同期比 YoY
報告セグメント Business segment data												
産業機械事業 Industrial machinery business	3,708	1,580	4,642	4,729	5,523	149.0%	4,722	298.8%	8,068	173.8%	10,018	211.8%
自動車事業 Automotive business	15,883	12,199	16,836	19,657	17,166	108.1%	14,065	115.3%	18,604	110.5%	16,126	82.0%
計 Sub total	19,591	13,780	21,478	24,386	22,689	115.8%	18,788	136.3%	26,673	124.2%	26,145	107.2%
その他 Others	744	773	1,134	1,762	1,224	164.5%	1,347	174.1%	1,532	135.0%	1,567	89.0%
調整額 Adjustments	△ 5,698	△ 1,863	△ 4,930	△ 5,819	△ 599	—	△ 715	—	△ 258	—	△ 519	—
合計 Total	14,637	12,690	17,682	20,330	23,314	159.3%	19,420	153.0%	27,947	158.0%	27,194	133.8%

※売上高、営業利益は、2017年3月期中に一部事業の担当領域を「産業機械事業」から「自動車事業」に変更したことに伴い、2017年3月期1Qに遡って組み替えて表示しています。
Part of industrial machinery business operations were transferred to the automotive business in the year ended March 31, 2017.
Accordingly, sales and operating income have been reclassified from the first quarter of the previous year to match current segments.

<予想 / Forecast>

(百万円 / ¥Million)	2019年3月期 / FY2018					
	前半予想 1H FCT	対前年同期比 YoY	後半予想 2H FCT	対前年同期比 YoY	通期予想 Full year FCT	対前年比 YoY
産業機械事業 Industrial machinery business	17,500	170.8%	20,500	113.3%	38,000	134.1%
自動車事業 Automotive business	27,000	86.4%	28,000	80.6%	55,000	83.4%
その他 Others	3,000	116.6%	3,000	96.8%	6,000	105.8%
調整額 Adjustments	△ 500	—	△ 500	—	△ 1,000	—
合計 Total	47,000	110.0%	51,000	92.5%	98,000	100.1%

4. 設備投資額、減価償却費 / Capital expenditures, Depreciation and amortisation

(百万円 / ¥Million)	2017年3月期 / FY2016			2018年3月期 / FY2017					
	1H	2H	Full year	1H	対前年同期比 YoY	2H	対前年同期比 YoY	Full year	対前年比 YoY
設備投資額 Capital expenditures	19,530	39,072	58,602	24,182	123.8%	44,605	114.2%	68,788	117.4%
減価償却費 Depreciation and amortisation	20,914	22,440	43,354	22,992	109.9%	23,793	106.0%	46,785	107.9%

(百万円 / ¥Million)	2017年3月期 / FY2016				2018年3月期 / FY2017							
	1Q	2Q	3Q	4Q	1Q	対前年同期比 YoY	2Q	対前年同期比 YoY	3Q	対前年同期比 YoY	4Q	対前年同期比 YoY
設備投資額 Capital expenditures	8,043	11,486	13,632	25,439	8,860	110.2%	15,322	133.4%	18,098	132.8%	26,506	104.2%
減価償却費 Depreciation and amortisation	10,576	10,337	10,817	11,622	11,434	108.1%	11,557	111.8%	11,860	109.6%	11,932	102.7%

<予想 / Forecast>

(百万円 / ¥Million)	2019年3月期 / FY2018					
	前半予想 1H FCT	対前年同期比 YoY	後半予想 2H FCT	対前年同期比 YoY	通期予想 Full year FCT	対前年比 YoY
設備投資額 Capital expenditures					85,000	123.6%
減価償却費 Depreciation and amortisation					50,000	106.9%

5. 研究開発費 / R&D expenses

(百万円 / ¥Million)	2017年3月期 / FY2016			2018年3月期 / FY2017					
	1H	2H	Full year	1H	対前年同期比 YoY	2H	対前年同期比 YoY	Full year	対前年比 YoY
研究開発費 R&D expenses	6,035	7,823	13,858	8,174	135.4%	8,885	113.6%	17,059	123.1%

(百万円 / ¥Million)	2017年3月期 / FY2016				2018年3月期 / FY2017							
	1Q	2Q	3Q	4Q	1Q	対前年同期比 YoY	2Q	対前年同期比 YoY	3Q	対前年同期比 YoY	4Q	対前年同期比 YoY
研究開発費 R&D expenses	2,840	3,194	3,173	4,649	3,817	134.4%	4,357	136.4%	4,502	141.9%	4,382	94.3%

<予想 / Forecast>

(百万円 / ¥Million)	2019年3月期 / FY2018					
	前半予想 1H FCT	対前年同期比 YoY	後半予想 2H FCT	対前年同期比 YoY	通期予想 Full year FCT	対前年比 YoY
研究開発費 R&D expenses					18,000	105.5%

6. 為替換算レート / Currency exchange rate

期中平均レート Average exchange rate (円 / ¥)	2017年3月期 / FY2016			2018年3月期 / FY2017		
	1H	2H	Full year	1H	2H	Full year
USD	105.35	111.49	108.42	111.07	110.65	110.86
EUR	118.22	119.46	118.84	126.29	133.11	129.70
CNY	15.95	16.27	16.11	16.42	17.08	16.75

期中平均レート Average exchange rate (円 / ¥)	2017年3月期 / FY2016				2018年3月期 / FY2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
USD	108.25	102.45	109.34	113.64	111.10	111.04	112.99	108.31
EUR	122.17	114.27	117.83	121.09	122.19	130.39	133.01	133.21
CNY	16.54	15.36	15.98	16.56	16.21	16.63	17.08	17.08

期末レート Term end exchange rate (円 / ¥)	2017年3月期 / FY2016		2018年3月期 / FY2017	
	End of 1H	End of 2H	End of 1H	End of 2H
USD	101.12	112.20	112.74	106.27
EUR	113.29	119.78	132.81	130.58
CNY	15.15	16.29	16.96	16.92

期末レート Term end exchange rate (円 / ¥)	2017年3月期 / FY2016				2018年3月期 / FY2017			
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of 1Q	End of 2Q	End of 3Q	End of 4Q
USD	102.96	101.12	116.53	112.20	112.00	112.74	113.05	106.27
EUR	114.36	113.29	122.73	119.78	127.95	132.81	134.95	130.58
CNY	15.46	15.15	16.76	16.29	16.49	16.96	17.30	16.92

<予想 / Forecast>

期中平均レート Average exchange rate (円 / ¥)	2019年3月期 / FY2018	
	通期予想 Full year FCT	
USD	105	
EUR	125	
CNY	16.7	