



FINANCIAL CONFERENCE

CONSOLIDATED BUSINESS RESULTS FOR Q1 FY2020 AND FORECAST FOR FY2020



August 5, 2020
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

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for the Three Months Ended June 30, 2020**
 - 2. Consolidated Business Forecast
for the Year Ending March 31, 2021**
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1. Consolidated Business Results for the Three Months Ended June 30, 2020

Q1 Overview

✓ Consolidated Business Results for FY2020: Q1 (Apr.-Jun.)

(From FY2019: Q1)

Sales :	¥ 128.9 billion	(-¥ 94.1 billion / -42.2%)
Operating Income :	-¥ 12.9 billion	(-¥ 23.2 billion / —)
(%)	(-10.0%)	
Net Income Attributable to Owners of the Parent :	-¥ 9.7 billion	(-¥ 18.5 billion / —)

Q1 Highlights

- ✓ Global spread of COVID-19
- ✓ Sales decreased by 40% YOY due to stagnation in a wide range of economic activities.
- ✓ Curbed fixed cost to minimize profits decrease.
- ✓ Posted quarterly operating deficit for the first time since the financial crisis (Q1 FY2009) due to a significant drop in volume.

Summary of Consolidated Business Results for FY2020: Q1

(Billions of yen)	FY2019	FY2020	Increase/ Decrease YOY	Difference YOY
	Q1 <Actual>	Q1 <Actual>		
Sales	222.9	128.9	-94.1	-42.2%
Operating income	10.3	-12.9	-23.2	—
<%>	<4.6%>	<-10.0%>		
Income before income taxes	10.6	-12.5	-23.2	—
Net income attributable to owners of the parent	8.8	-9.7	-18.5	—
(Ex. rate: 1USD=)	109.90	107.62	-2.28	-2.1%
(" 1EUR=)	123.49	118.47	-5.02	-4.1%
(" 1CNY=)	16.07	15.17	-0.90	-5.6%
Segment Income	10.8	-12.5	-23.4	—
<%>	<4.9%>	<-9.7%>		

*Segment income : Income after returning other operating income and expenses (foreign exchange gains and losses, etc.) to operating income

Q1 Demand Trends by Region

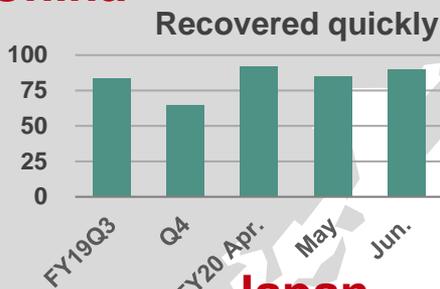
- ✓ By region : China recovered quickly, other regions recovered gradually.
- ✓ Industrial machinery business : Demand declined by approx.15%.
- ✓ Automotive business : Global production volume decreased by 45%. (turned positive in China)

Index trend when the same period of the previous year is regarded as 100.

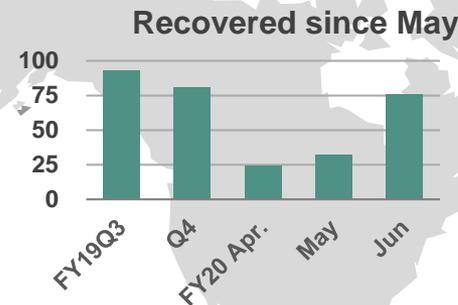
Europe



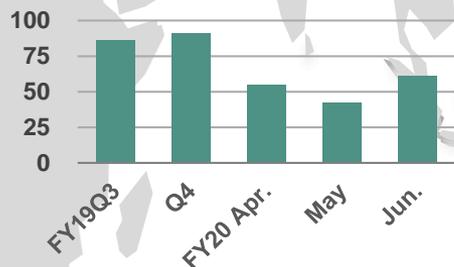
China



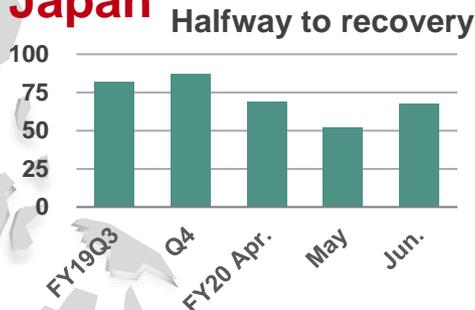
The Americas



Other Asia



Japan



ASEAN : Recovered since June
India : Business activities almost halted
Korea : Gradually recovered

Global

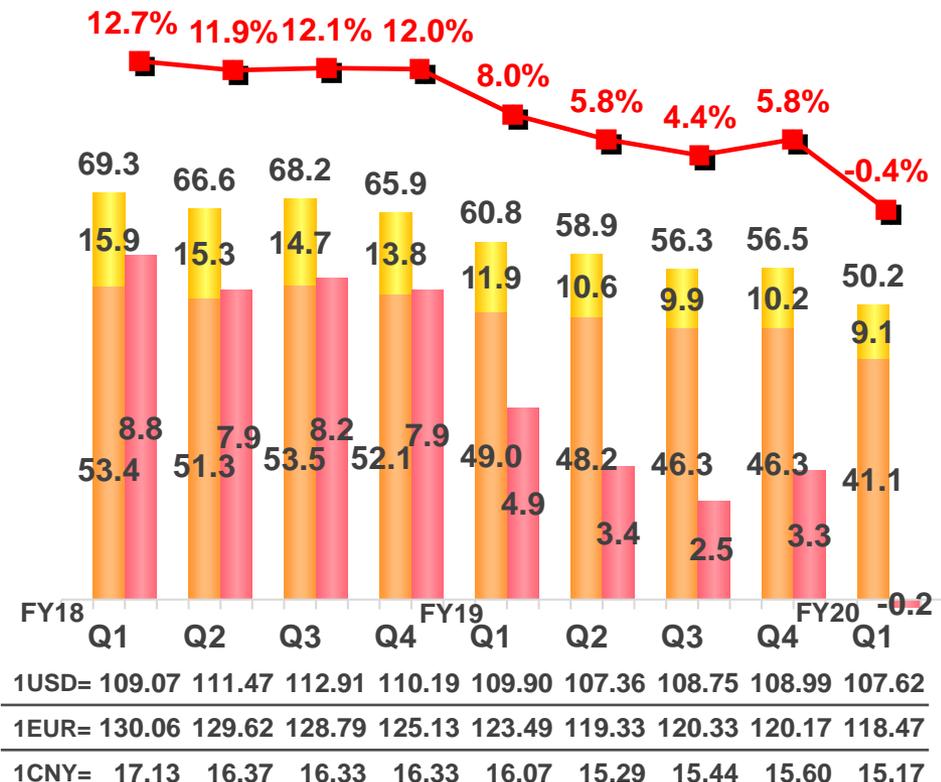


- China recovered quickly, other regions recovered gradually.
- Thorough implementation of safety measures against COVID-19 to continue NSK's global operations.

Business Results: Industrial Machinery Business

(Billions of yen) ■ Ind BRG ■ Precision ■ O.I ■ O.I (%)

(Billions of yen)	FY2019 Q1 <Actual>	FY2020 Q1 <Actual>	Increase/ Decrease YOY	Difference YOY
Sales	60.8	50.2	-10.6	-17.4%
Industrial machinery bearings	49.0	41.1	-7.8	-16.0%
Precision machinery and parts	11.9	9.1	-2.8	-23.4%
Operating income	4.9 <8.0%>	-0.2 <-0.4%>	-5.1	—
(Ex. rate: 1USD=)	109.90	107.62	-2.28	-2.1%
(" 1EUR=)	123.49	118.47	-5.02	-4.1%
(" 1CNY=)	16.07	15.17	-0.90	-5.6%

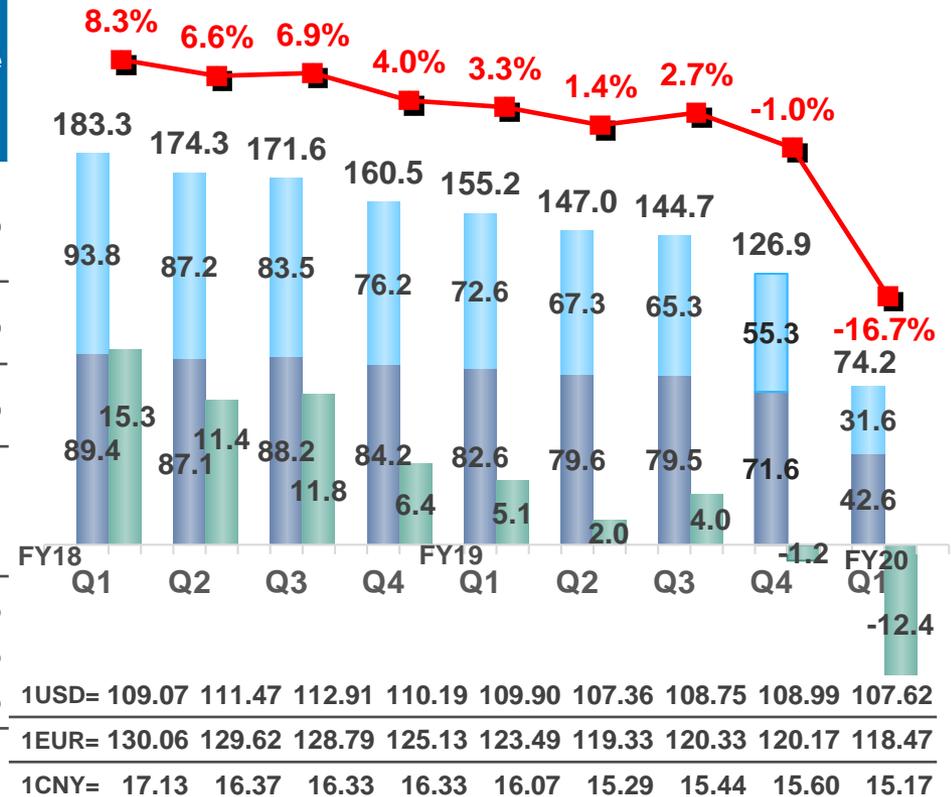


- ✓ Q1 sales YoY: ¥-10.6 billion -17%
(in real terms excl. exchange rate effects -14%)
- ✓ Machine tools: Sluggish capital expenditure continued.
Wind power, Railcars: Remained robust in China.
- ✓ China: Recovered quickly from the impact of COVID-19.
(Q1 sales YOY +8%, QOQ +23%)

Business Results: Automotive Business

(Billions of yen) ■ Auto BRG ■ Auto Comp ■ O.I ■ O.I (%)

(Billions of yen)	FY2019 Q1 <Actual>	FY2020 Q1 <Actual>	Increase/ Decrease YOY	Difference YOY
Sales	155.2	74.2	-81.0	-52.2%
Automotive bearings	82.6	42.6	-40.0	-48.4%
Automotive components	72.6	31.6	-41.0	-56.5%
Operating income	5.1 <3.3%>	-12.4 <-16.7%>	-17.5	—
(Ex. rate: 1USD=)	109.90	107.62	-2.28	-2.1%
(" 1EUR=)	123.49	118.47	-5.02	-4.1%
(" 1CNY=)	16.07	15.17	-0.90	-5.6%



- ✓ Automotive production volume decreased rapidly.
Q1 YOY Global: -45%, Japanese car manufacturers: -50%
- ✓ Q1 sales YOY: ¥-81.0 billion
Automotive bearings: -48%, Automotive components -56%
- ✓ Curbed labor costs and fixed costs in the midst of suspended operations and shortened operation hours.

2. Consolidated Business Forecast for the Year Ending March 31, 2021

Summary of Consolidated Business Forecast for the Year Ending March 31, 2021

(Billions of yen)	FY2019	Full year <FCST>	FY2020	
	Full year <Actual>		Increase/ Decrease YOY	Difference YOY
Sales	831.0	720.0	-111.0	-13.4%
Operating income <%>	23.6 <2.8%>	1.0 <0.1%>	-22.6	-95.8%
Income before income taxes	24.1	0.5	-23.6	-97.9%
Net income attributable to owners of the parent	17.4	0.0	-17.4	-100.0%
(Ex. rate: 1USD=)	108.75	107.60	-1.15	-1.1%
(" 1EUR=)	120.83	118.50	-2.33	-1.9%
(" 1CNY=)	15.60	15.20	-0.40	-2.6%

- ✓ Assumptions: Expect to hit bottom in Q1, and recover to the pre-corona level in 2H.
- ✓ Continue to curb expenses to make profits from Q3.
- ✓ Risk: large-scale lockdown due to the 2nd wave of COVID-19.
Intensification of tensions between the US and China.
- ✓ Dividends forecast is yet to be determined.

✓ Global Vehicle Production

<Index when the same period of the previous year is regarded as 100>

	FY19	FY20	
	Act.	Fcst.	YOY
Volume	83.7M	72.5M	87%

	FY19 (Act)		FY20 (Forecast)			
	Q3	Q4	Q1(Act)	Q2	Q3	Q4
Index	95	80	55	85	95	115

(Source : IHS Automotive(Act.), NSK estimates)

✓ Industrial Machinery: Demand trend by sector

↑ Increase, → Unchanged, ↓ Decrease

		FY19 Actual		FY20 Forecast	
		1H	2H	1H	2H
		vs. FY18 2H	vs. FY19 1H	vs. FY19 2H	vs. FY20 1H
Capital goods	Machine Tools	↓↓	↓↓↓	↓↓↓	↑
	Semiconductors	↓↓	↑↑	↑	↑↑
	Robotics	↓↓	↓	↓	→
Infra-structure	Wind Turbines	→	↑↑	→	→
	Railcars	↑	↑↑	→	→
Consumer goods	Home Appliances	→	↓	↑	→
	Aftermarket	↓	↓	↓↓	↑

(Source: NSK estimates)

Forecast by Business Segment

Industrial Machinery Business

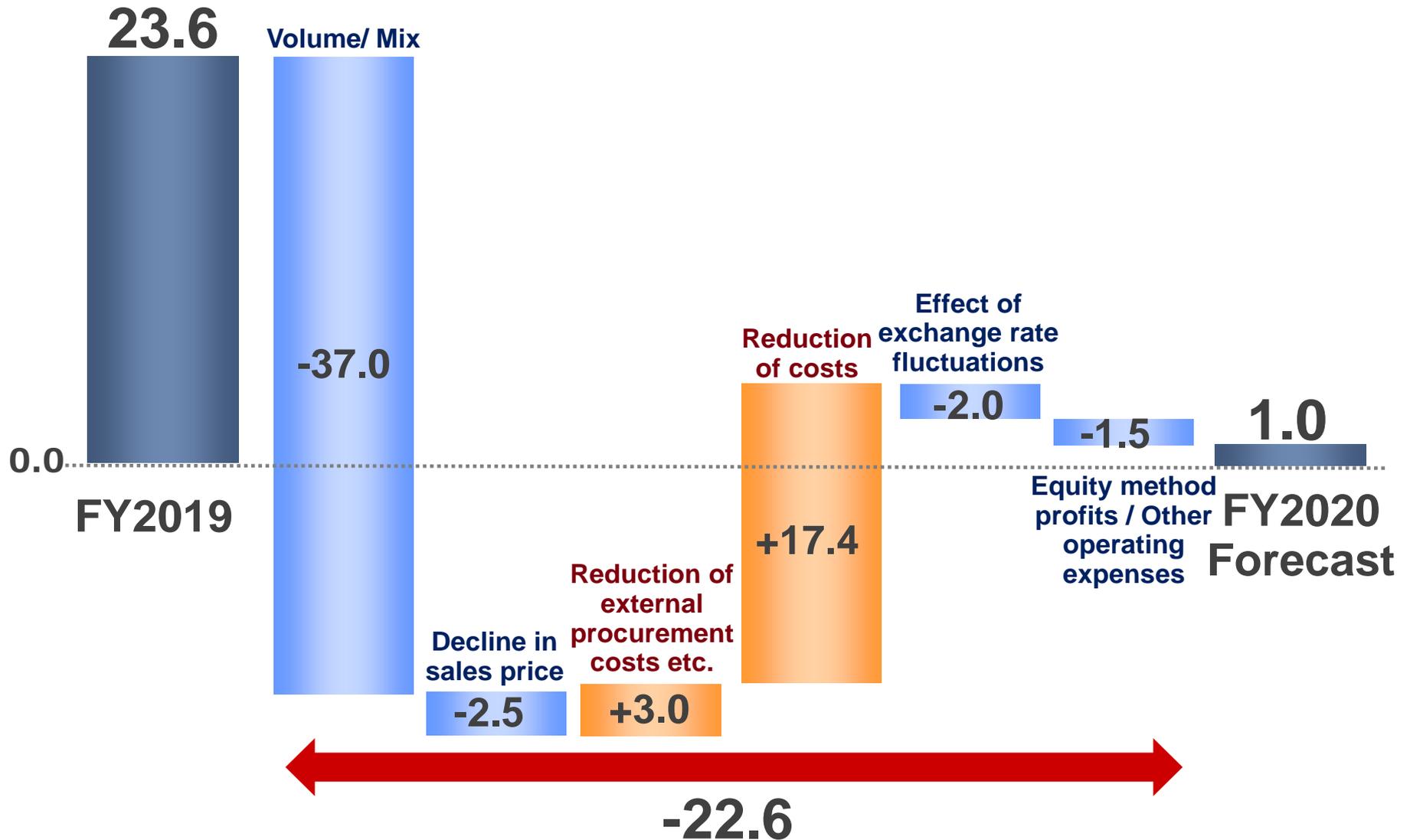
(Billions of yen)		FY2019	FY2020		
		Full year <Actual>	Full year <FCST>	Increase/ Decrease YOY	Difference YOY
Industrial Machinery Business	Sales	232.5	220.0	-12.5	-5.4%
	Industrial machinery bearings	189.8	179.5	-10.3	-5.4%
	Precision machinery and parts	42.6	40.5	-2.1	-5.0%
	Operating income	14.1	6.0	-8.1	-57.5%
	<%>	<6.1%>	<2.7%>		

Automotive Business

(Billions of yen)		FY2019	FY2020		
		Full year <Actual>	Full year <FCST>	Increase/ Decrease YOY	Difference YOY
Automotive Business	Sales	573.8	480.5	-93.3	-16.3%
	Automotive bearings	313.3	274.0	-39.3	-12.5%
	Automotive components	260.5	206.5	-54.0	-20.7%
	Operating income	9.8	-3.5	-13.3	—
	<%>	<1.7%>	<-0.7%>		

Operating Income: Factors Behind Change (FY2019 ⇒ FY2020 Forecast)

(Billions of yen)



(Supplementary Information)

Sales & Operating Income Results by Business Segment

(Billions of yen)		FY2019		FY2020	
		Q1 <Actual>	Q1 <Actual>	Increase/ Decrease YOY	Difference YOY
Total	Sales	222.9	128.9	-94.1	-42.2%
	Operating income	10.3	-12.9	-23.2	—
	<%>	4.6%	-10.0%		
Industrial Machinery Business	Sales	60.8	50.2	-10.6	-17.4%
	Industrial machinery bearings	49.0	41.1	-7.8	-16.0%
	Precision machinery and parts	11.9	9.1	-2.8	-23.4%
	Operating income	4.9	-0.2	-5.1	—
	<%>	8.0%	-0.4%		
Automotive Business	Sales	155.2	74.2	-81.0	-52.2%
	Automotive bearings	82.6	42.6	-40.0	-48.4%
	Automotive components	72.6	31.6	-41.0	-56.5%
	Operating income	5.1	-12.4	-17.5	—
	<%>	3.3%	-16.7%		
Others	Sales	13.6	8.8	-4.7	-34.9%
	Operating income	0.8	0.0	-0.8	-99.4%
	<%>	6.1%	0.1%		
Eliminations (sales)		-6.6	-4.4	+2.2	—
Other operating expenses / Adjustments		-0.5	-0.3	+0.2	—

Sales by Customer Location

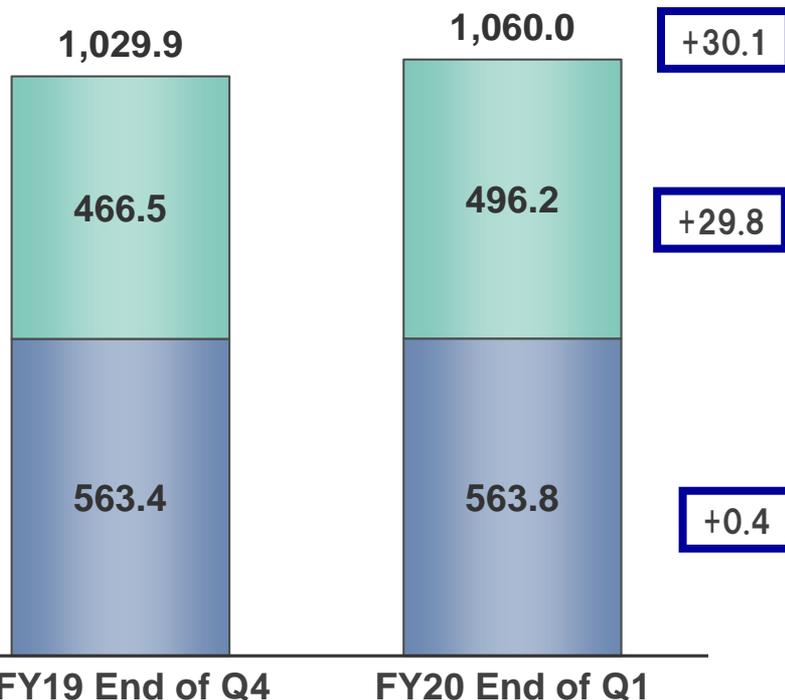
(Billions of yen)	FY2019	Q1 <Actual>	FY2020	
	Q1 <Actual>		Increase/ Decrease YOY	Difference YOY
Sales	222.9	128.9	-94.1	-42.2%
Japan	82.1	46.7	-35.3	-43.1%
Non-Japan	140.9	82.2	-58.7	-41.7%
<Non-Japan ratio>	<63.2%>	<63.7%>		
The Americas	38.0	15.3	-22.7	-59.7%
Europe	30.1	14.9	-15.2	-50.5%
China	41.2	37.7	-3.5	-8.6%
Other Asia	31.7	14.3	-17.3	-54.8%
(Ex. rate:1USD=)	109.90	107.62	-2.28	-2.1%
(" 1EUR=)	123.49	118.47	-5.02	-4.1%
(" 1CNY=)	16.07	15.17	-0.90	-5.6%

Assets

■ Non-Current assets ■ Current assets

(Billions of yen)

Change from
FY19 End of Q4

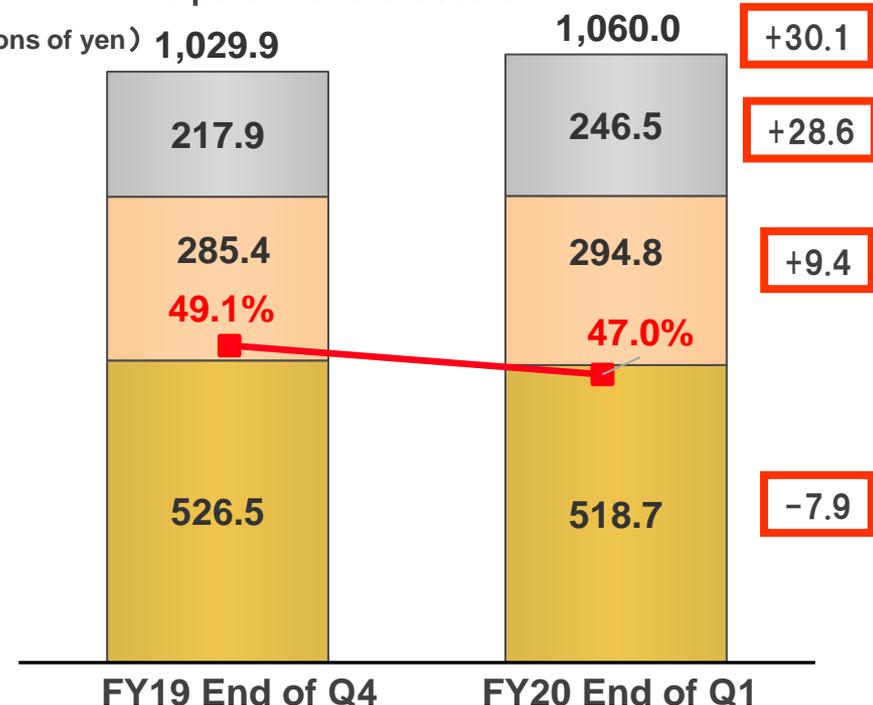


Liabilities / Total equity

■ Current liabilities
■ Non-Current liabilities
■ Total equity

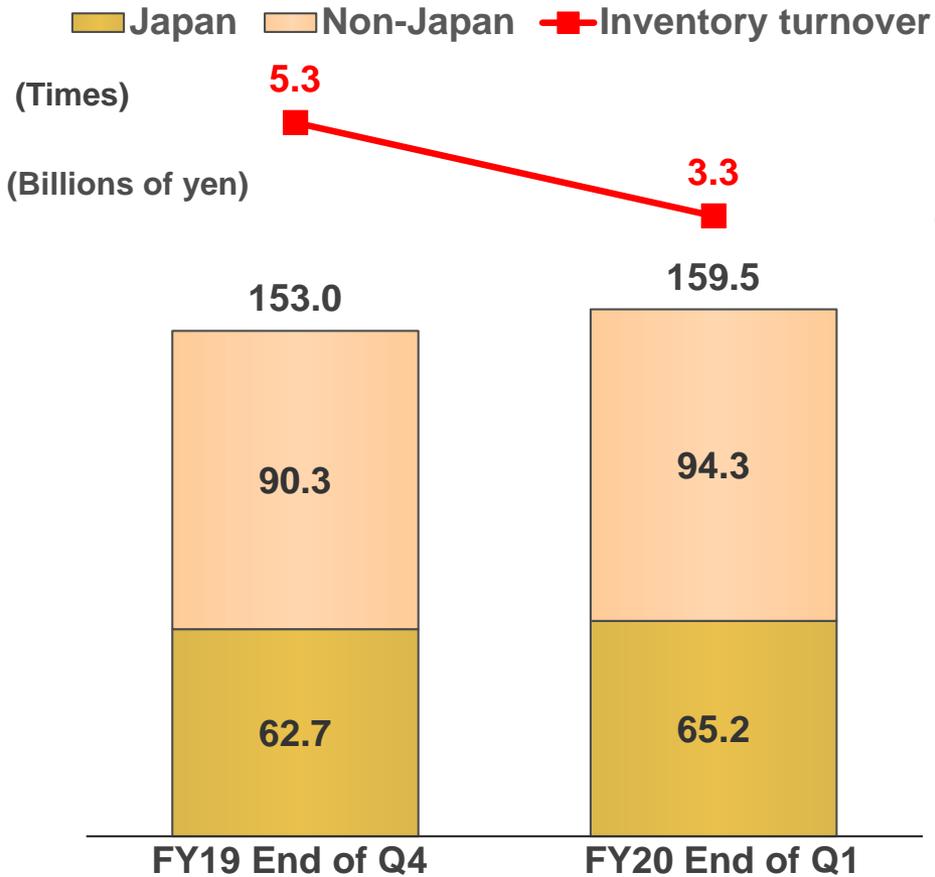
■ Ratio of equity attributable to owners of the parent to total assets

Change from
FY19 End of Q4

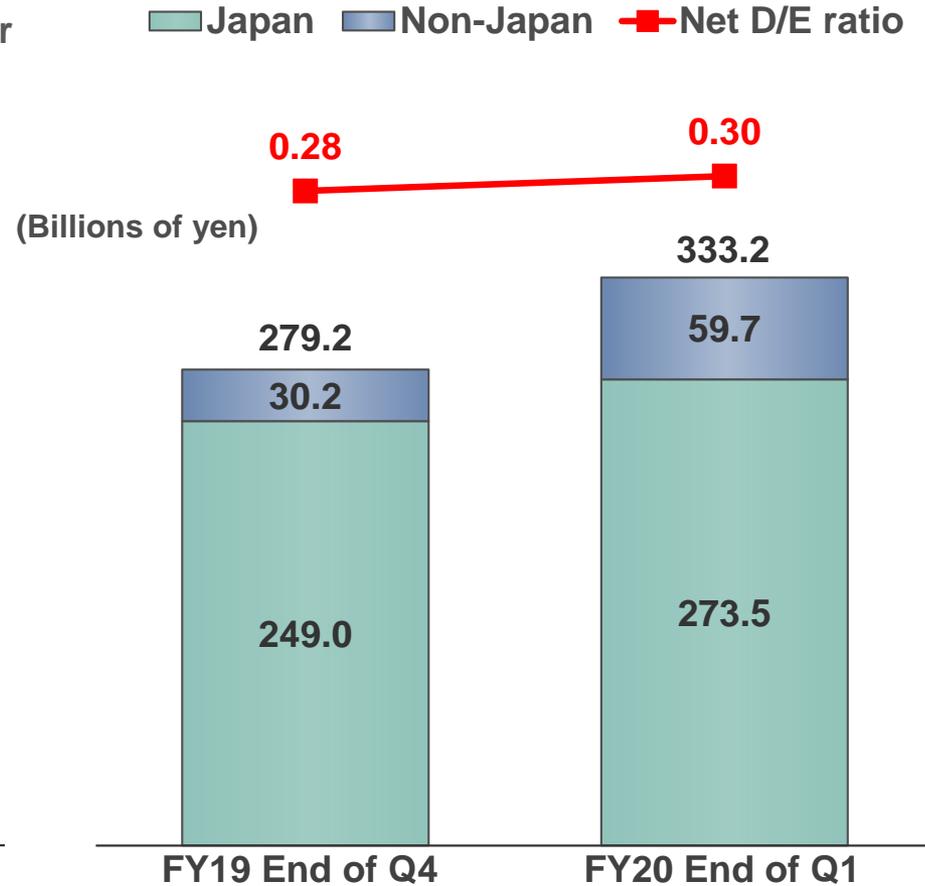


Ex. Rate	FY19 End of Q4	FY20 End of Q1
1USD	108.83	107.74
1EUR	119.65	121.05
1CNY	15.30	15.23

Inventories



Interest-bearing debt



Ex. Rate	FY19 End of Q4	FY20 End of Q1
1USD	108.83	107.74
1EUR	119.65	121.05
1CNY	15.30	15.23

(Supplementary Information)

Capital Expenditure / Depreciation and amortisation / R&D Expenses

(Billions of yen)	FY2019					FY2020	
	Q1	Q2	Q3	Q4	Full year	Q1	Full year (Plan)
Capital Expenditure	10.5	11.1	12.1	21.1	54.9	6.4	40.0
Depreciation and amortisation	13.4	13.4	13.6	13.5	53.9	13.4	54.0

(Billions of yen)	FY2019					FY2020	
	Q1	Q2	Q3	Q4	Full year	Q1	Full year (Plan)
R&D expenses (on a statutory basis)	4.6	4.5	4.6	4.5	18.3	4.0	17.0
*Reference R&D expenses (on a managerial basis)	7.9	8.0	7.8	7.7	31.4	7.0	30.0

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