



# CONSOLIDATED BUSINESS RESULTS

FOR THE THIRD QUARTER  
ENDED DECEMBER 31, 2015

February 1, 2016  
NSK Ltd.



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## 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 FY2015: 3Q

## Business Results for FY2015: 3Q

### ✓ Consolidated Business Results for FY2015: 3Q

	3Q (Oct. - Dec.)	(From FY2014:3Q)	3Q YTD (Apr. - Dec.)	(From FY2014: 3Q YTD)
<b>Net Sales :</b>	<b>¥ 245.7 billion</b>	(-¥ 1.8 billion / -0.7%)	<b>¥ 735.5 billion</b>	(+¥ 23.6 billion / +3.3%)
<b>Operating Income :</b>	<b>¥ 24.3 billion</b>	(-¥ 2.0 billion / -7.6%)	<b>¥ 73.7 billion</b>	(+¥ 6.7 billion / +10.0%)
<b>Net Income attributable to shareholders of the parent :</b>	<b>¥ 16.8 billion</b>	(-¥ 1.0 billion / -5.7%)	<b>¥ 50.3 billion</b>	(+¥ 6.6 billion / +15.0%)

◎Although 3Q net sales and operating income decreased YoY, the nine-month total in FY15 marked a record high for both net sales and operating/net income.

### ✓ Business Environment

◎Japan: Shift in recovery trend, increased uncertainty.

◎Non-Japan: US economy remained strong, and Europe showed signs of a pickup.

Careful observation required regarding continued economic slowdown in developing countries and the impact of US interest rate rise and lower crude oil prices.

## Current demand environment and FY2015 Forecast

✓ Industrial : Growing concern over downturn in global demand

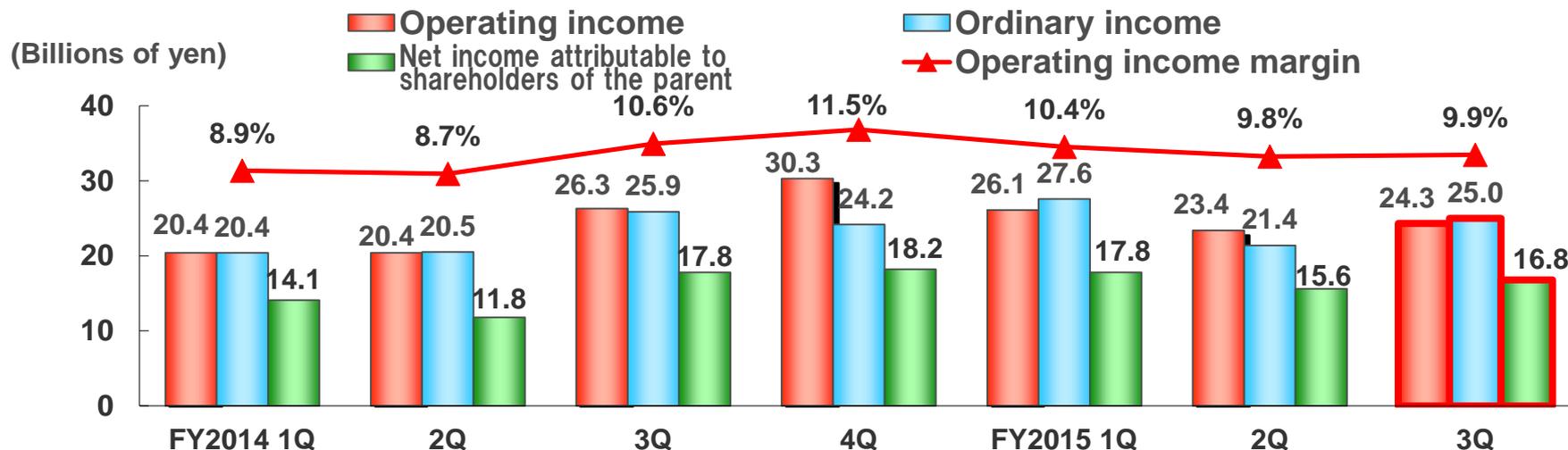
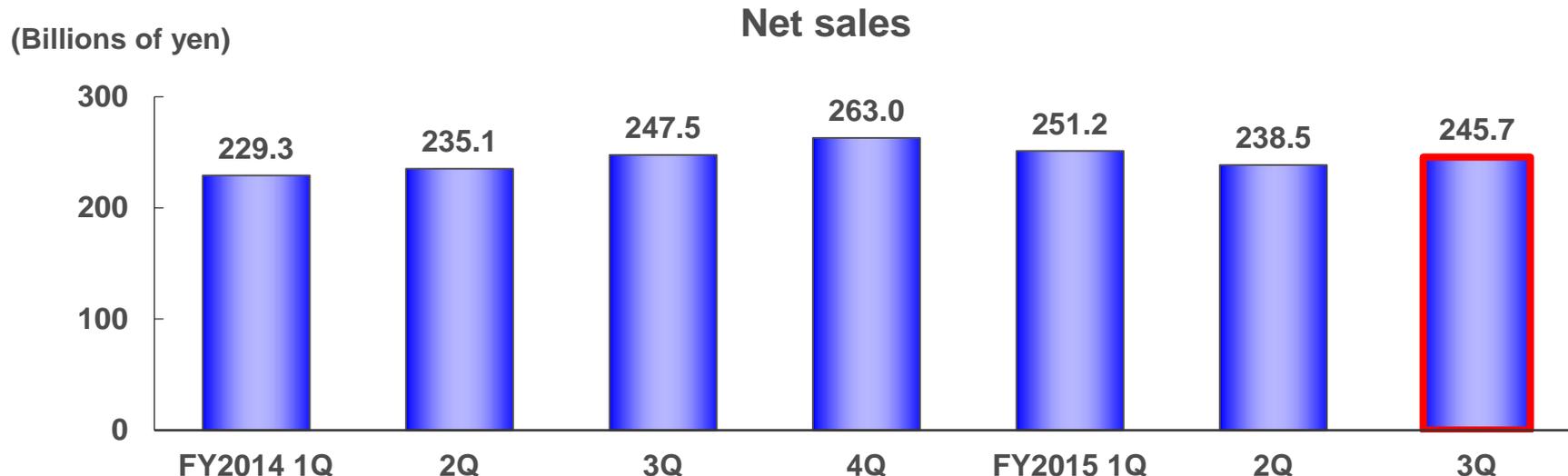
✓ Automotive : Careful observation of production trends in China required, although the North American market remains strong.

✓ No revision has been made to the latest business forecast in FY2015 announced on Oct. 27<sup>th</sup>  
NSK will continue working to achieve its 4<sup>th</sup> MTP objectives.

# Summary of Consolidated Business Results for FY2015: 3Q

(Billions of yen)	FY2014			FY2015						Full year <Oct. 27 FCST>
	3Q <Actual>	Apr-Dec <Actual>	Full year <Actual>	3Q <Actual>	Increase/ Decrease YOY	% Change	Apr-Dec <Actual>	Increase/ Decrease YOY	% Change	
Net sales	247.5	711.9	974.9	245.7	-1.8	-0.7%	735.5	+23.6	+3.3%	980.0
Operating income	26.3	67.0	97.3	24.3	-2.0	-7.6%	73.7	+6.7	+10.0%	94.0
<%>	<10.6%>	<9.4%>	<10.0%>	<9.9%>			<10.0%>			<9.6%>
Ordinary income	25.9	66.8	91.0	25.0	-0.9	-3.4%	74.1	+7.2	+10.8%	92.0
Income before tax	25.9	63.8	88.0	25.0	-0.9	-3.4%	74.1	+10.3	+16.1%	92.0
Net income attributable to shareholders of the parent	17.8	43.7	62.0	16.8	-1.0	-5.7%	50.3	+6.6	+15.0%	66.0
(Ex. rate: US1\$=)	¥114.53	¥106.87	¥109.93	¥121.50			¥121.70			¥118.40
( " 1EURO=)	¥143.06	¥140.30	¥138.77	¥132.94			¥134.36			¥130.04

# Quarterly Business Performance



1US\$= ¥102.16    ¥103.92    ¥114.53    ¥119.11    ¥121.36    ¥122.24    ¥121.50

1EURO= ¥140.07    ¥137.77    ¥143.06    ¥134.18    ¥134.16    ¥135.98    ¥132.94

# Results by Business Segment



(Billions of yen)		FY2014			FY2015						
		3Q <Actual>	Apr-Dec <Actual>	Full year <Actual>	3Q <Actual>	Increase/ Decrease YOY	% Change	Apr-Dec <Actual>	Increase/ Decrease YOY	% Change	Full Year <Oct. 27 FCST>
Total	Net sales	247.5	711.9	974.9	245.7	-1.8	-0.7%	735.5	+23.6	+3.3%	980.0
	Operating income	26.3	67.0	97.3	24.3	-2.0	-7.6%	73.7	+6.7	+10.0%	94.0
	<%>	10.6%	9.4%	10.0%	9.9%			10.0%			9.6%
Industrial Machinery Business	Net sales	70.4	202.9	276.4	61.8	-8.6	-12.2%	198.4	-4.5	-2.2%	266.0
	Industrial machinery bearings	59.0	170.7	232.4	52.2	-6.9	-11.6%	166.3	-4.3	-2.5%	224.0
	Precision machinery and parts	11.3	32.2	44.0	9.6	-1.7	-15.1%	32.0	-0.2	-0.6%	42.0
	Operating income	8.1	22.6	34.4	5.1	-3.0	-36.5%	22.7	+0.1	+0.3%	31.0
	<%>	11.5%	11.1%	12.4%	8.3%			11.4%			11.7%
Automotive Business	Net sales	168.4	480.2	657.0	177.9	+9.5	+5.6%	516.9	+36.7	+7.6%	688.0
	Automotive bearings	78.0	224.3	306.4	80.5	+2.5	+3.2%	235.6	+11.3	+5.0%	313.0
	Automotive components	90.4	255.9	350.6	97.4	+7.0	+7.8%	281.3	+25.4	+9.9%	375.0
	Operating income	18.7	46.9	65.7	21.1	+2.4	+13.1%	55.7	+8.8	+18.7%	68.0
	<%>	11.1%	9.8%	10.0%	11.9%			10.8%			9.9%
Others	Net sales	17.5	52.3	72.9	11.9	-5.6	-32.0%	39.0	-13.3	-25.5%	54.0
	Operating income	1.7	3.9	5.8	0.5	-1.2	-72.1%	2.5	-1.4	-36.0%	4.0
	<%>	9.7%	7.4%	7.9%	4.0%			6.3%			7.4%
Eliminations (sales)		-8.8	-23.5	-31.4	-5.9	+2.9		-18.8	+4.7		-28.0
Eliminations/corporate expenses		-2.2	-6.3	-8.5	-2.5	-0.3		-7.1	-0.7		-9.0

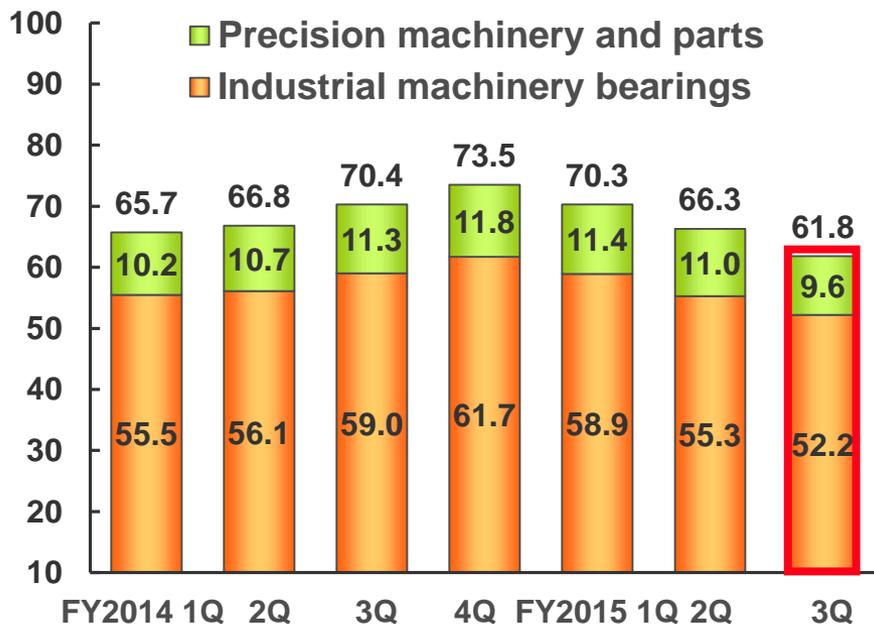
\*Systemized products (photofabrication exposure equipment) have been removed from "Others" as of FY2015 due to the divestiture of related businesses.

# Results by Business Segment

## — Industrial Machinery Business

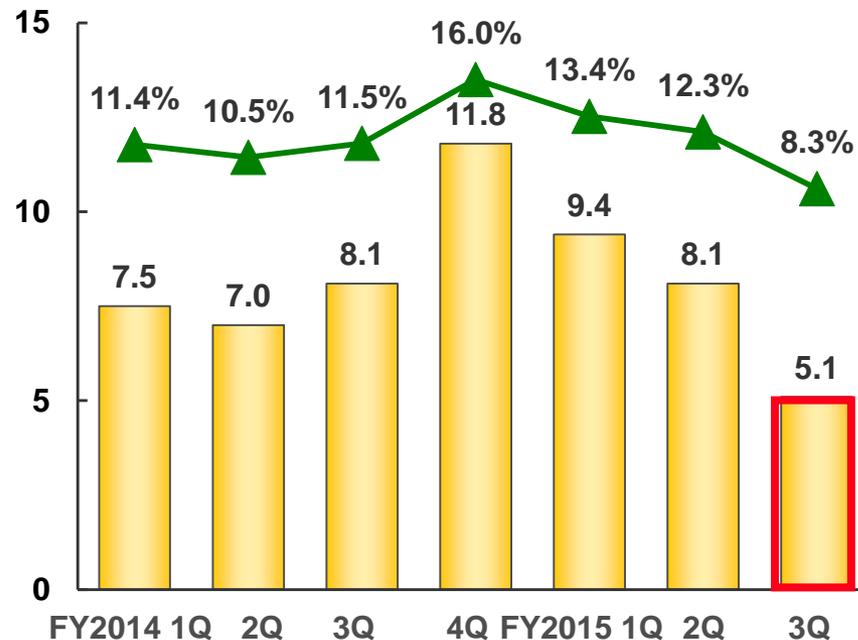
### Net sales

(Billions of yen)



### Operating income/margin

(Billions of yen)



### Compared to FY2014 3Q

- Downward trend in demand continued due to economic slowdown in developing countries. 3Q net sales totaled ¥61.8 billion, a 12.2% YoY decrease.
- 3Q operating income totaled ¥5.1 billion, a 36.5% YoY decrease, due to lower volume in line with decreased demand, and the effect of the yen's strength against the euro.

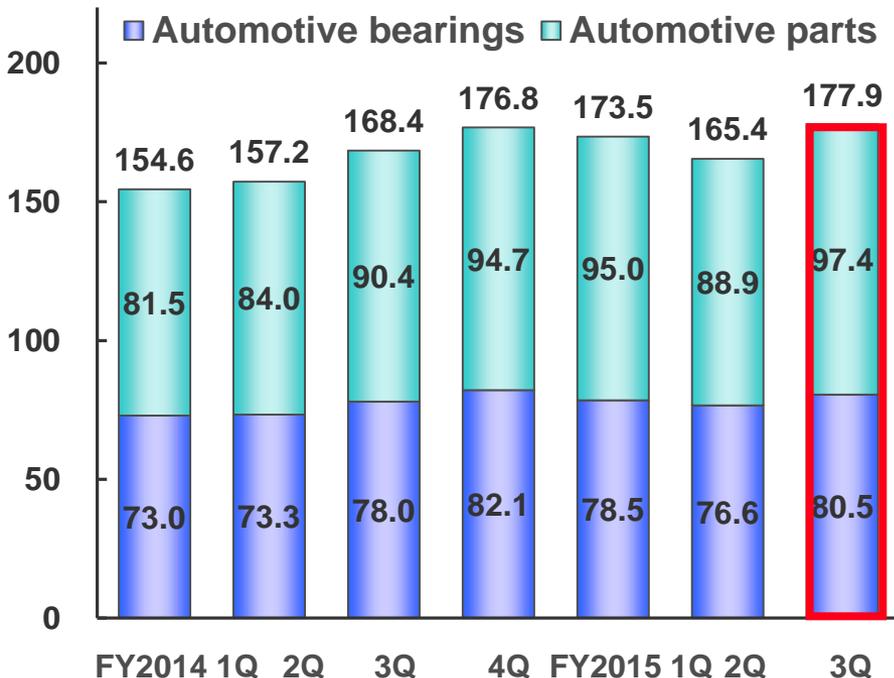
# Results by Business Segment

## — Automotive Business



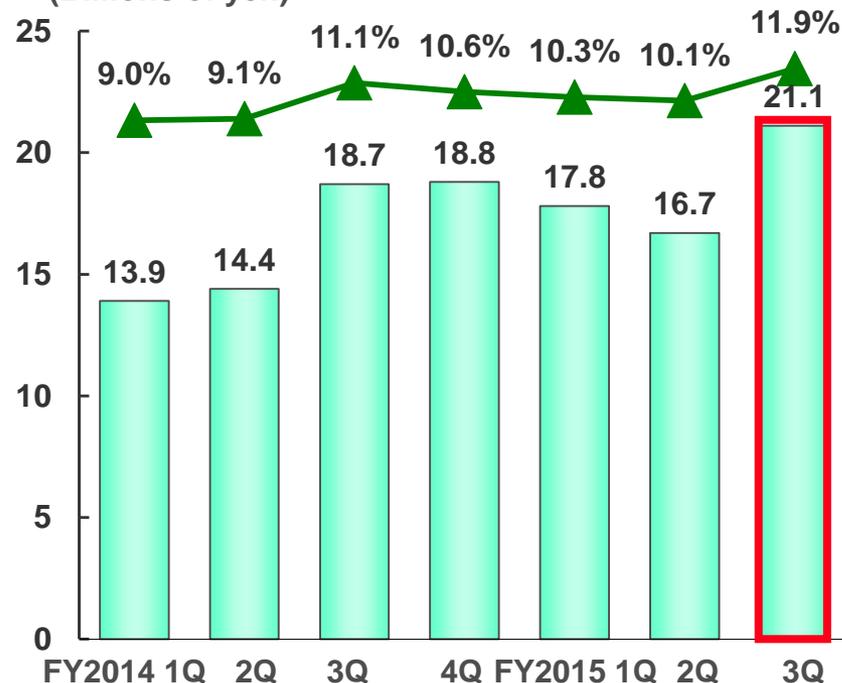
### Net sales

(Billions of yen)



### Operating income/margin

(Billions of yen)



### Compared to FY2014 3Q

- 3Q net sales totaled ¥177.9 billion, a 5.6% YoY increase and a record high on a quarterly basis due to a strong North American market and a pickup in the Chinese market owing to special tax incentives for compact cars.
- 3Q operating income totaled ¥21.1 billion, a 13.1% YoY increase and a record high on a quarterly basis due to higher volume, reduction in procurement costs, and the depreciation of the yen against the US dollar.

# Results by Customer Location

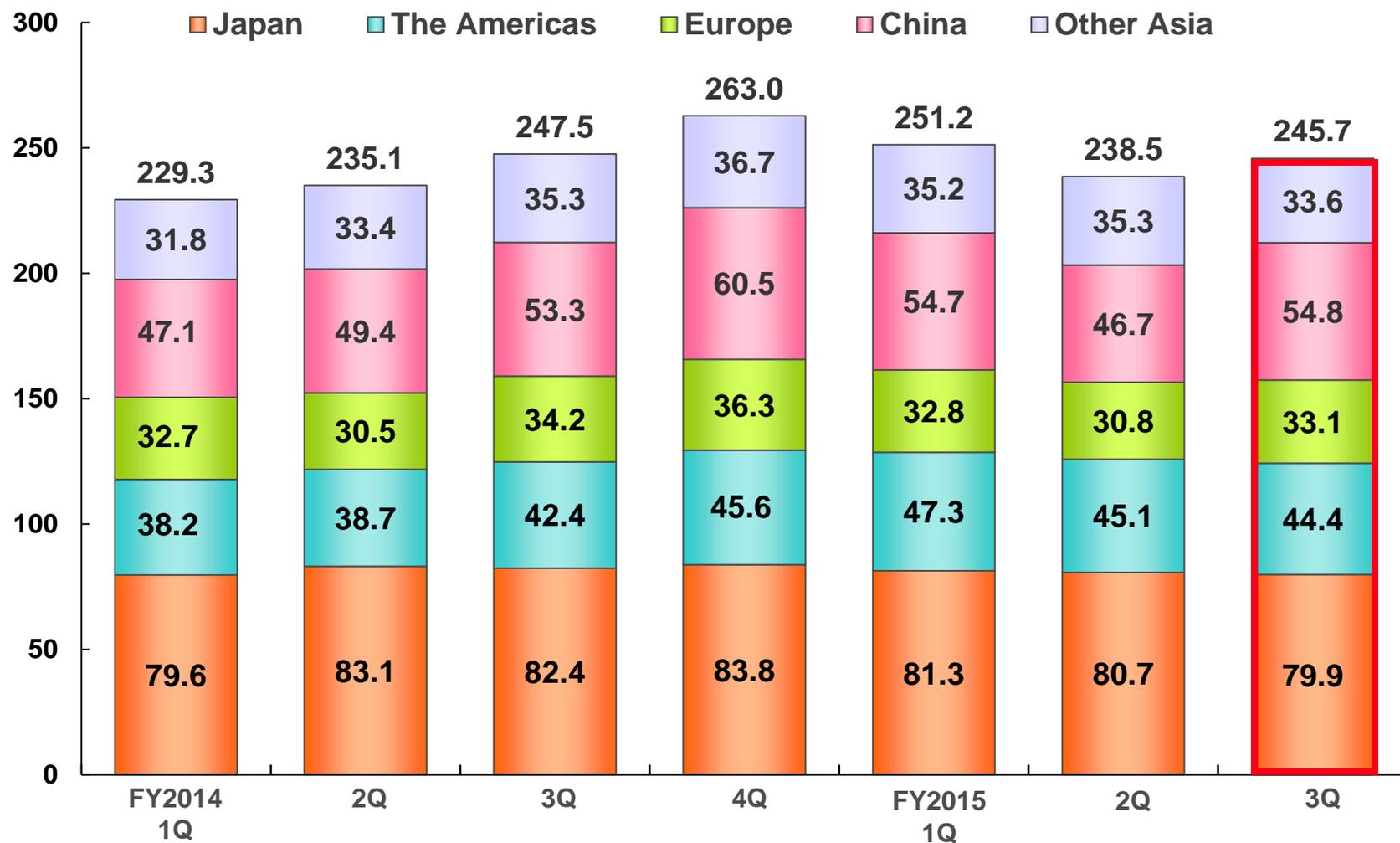


(Billions of yen)	FY2014			FY2015						
	3Q <Actual>	Apr-Dec <Actual>	Full year <Actual>	3Q <Actual>	Increase/ Decrease YOY	% Change	Apr-Dec <Actual>	Increase/ Decrease YOY	% Change	Full year <Oct. 27 FCST>
Net sales	247.5	711.9	974.9	245.7	-1.8	-0.7%	735.5	+23.6	+3.3%	980.0
Japan	82.4	245.0	328.8	79.9	-2.5	-3.0%	241.9	-3.2	-1.3%	322.5
Non-Japan	165.1	466.9	646.0	165.8	+0.7	+0.4%	493.6	+26.7	+5.7%	657.5
<Non-Japan ratio>	<66.7%>	<65.6%>	<66.3%>	<67.5%>			<67.1%>			<67.1%>
The Americas	42.4	119.2	164.8	44.4	+2.0	+4.7%	136.7	+17.5	+14.7%	186.0
Europe	34.2	97.4	133.8	33.1	-1.1	-3.1%	96.7	-0.8	-0.8%	125.5
China	53.3	149.7	210.2	54.8	+1.5	+2.8%	156.2	+6.4	+4.3%	207.0
Other Asia	35.3	100.5	137.2	33.6	-1.7	-4.9%	104.1	+3.6	+3.6%	139.0

# Results by Customer Location

## Net sales by customer location: Quarterly business performance

(Billions of yen)



# Consolidated Balance Sheet

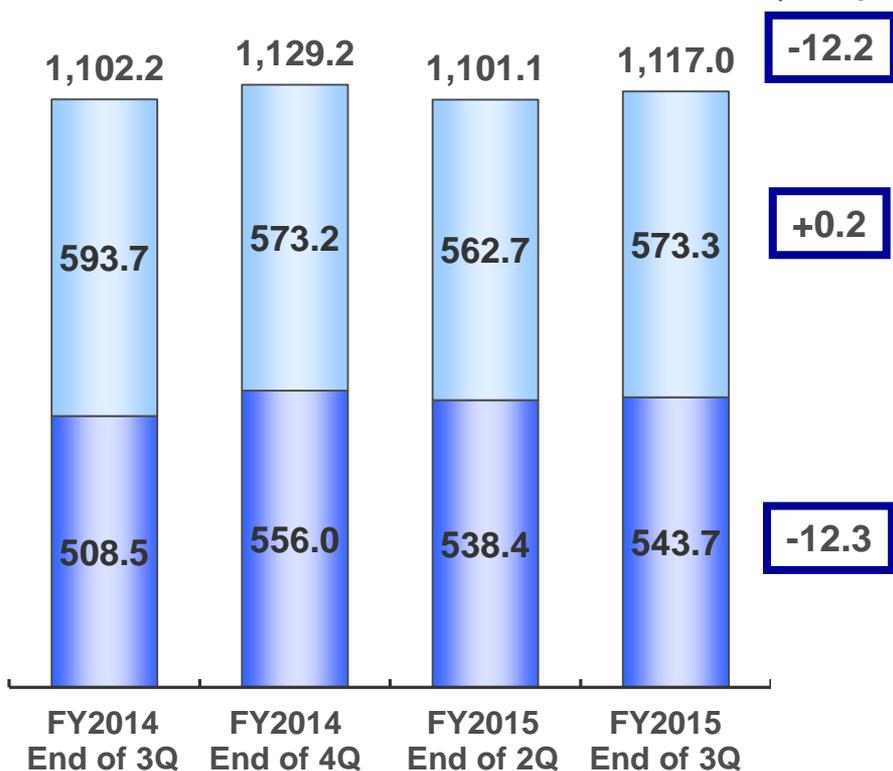


## Assets

■ Non-current assets   ■ Current assets

(Billions of yen)

Change from  
4Q FY2014

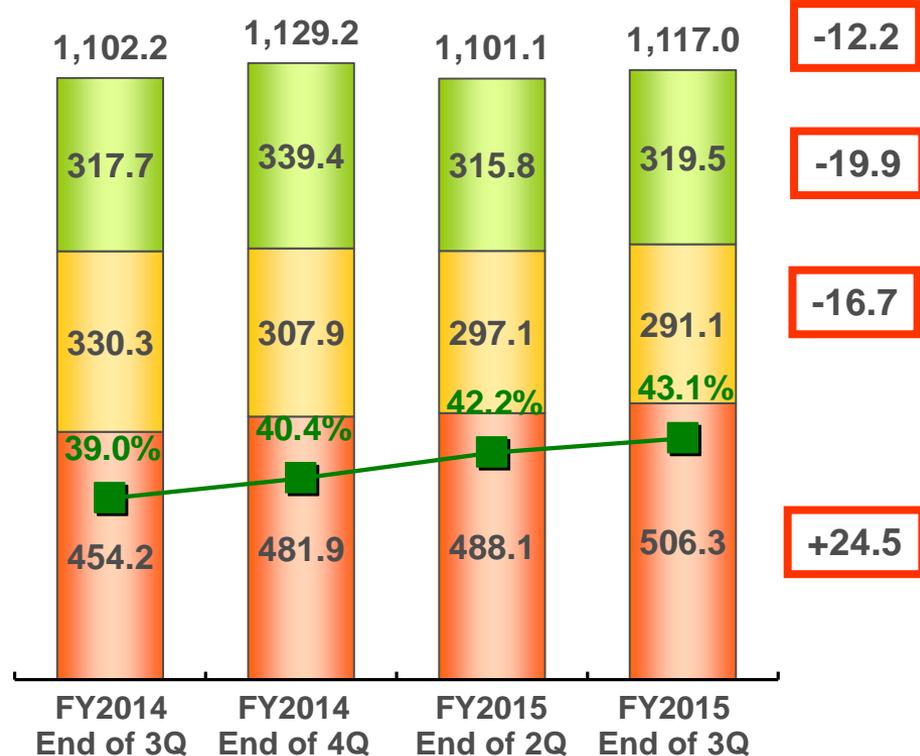


## Liabilities / Net assets

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

(Billions of yen)

Change from  
4Q FY2014



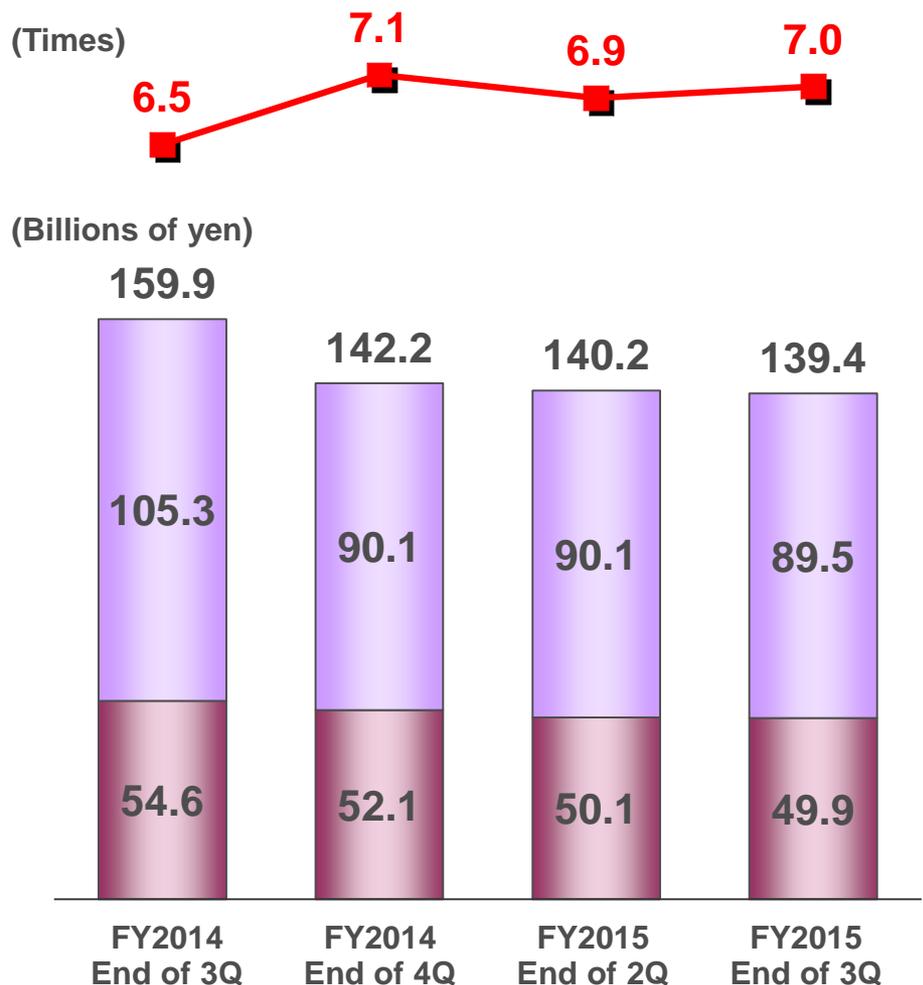
US1\$=	120.55	120.17	119.96	120.61
1Euro=	146.54	130.32	134.97	131.77

US1\$=	120.55	120.17	119.96	120.61
1Euro=	146.54	130.32	134.97	131.77

# Inventories / Interest-Bearing Debt

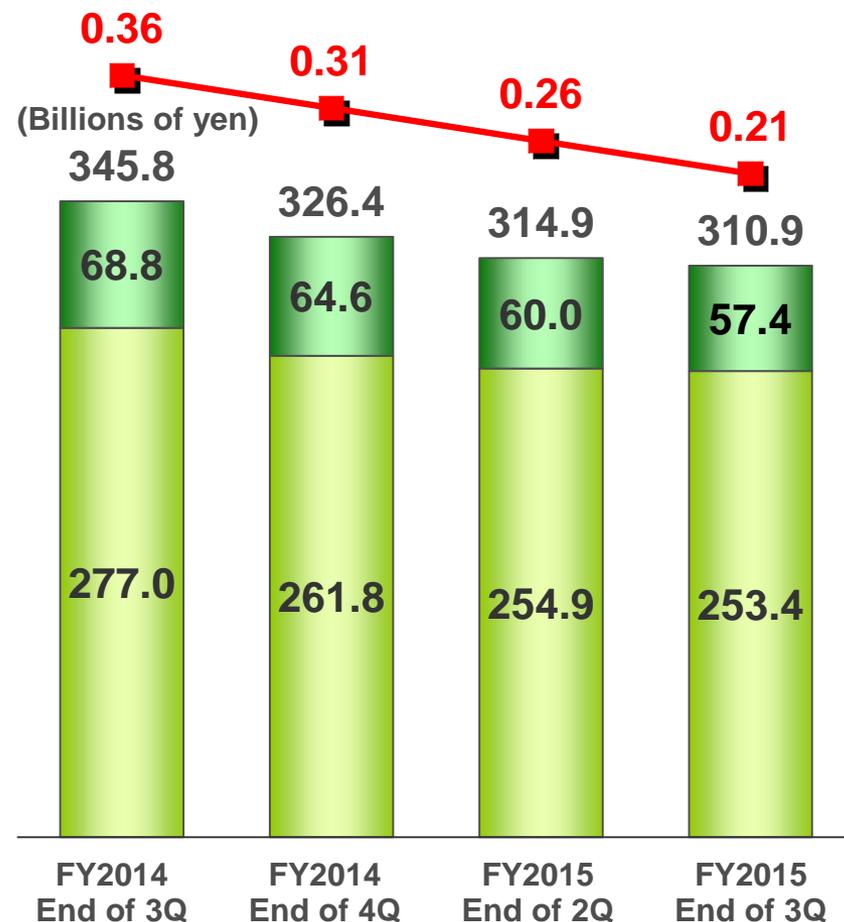
## Inventories

Japan Non-Japan Inventory turnover



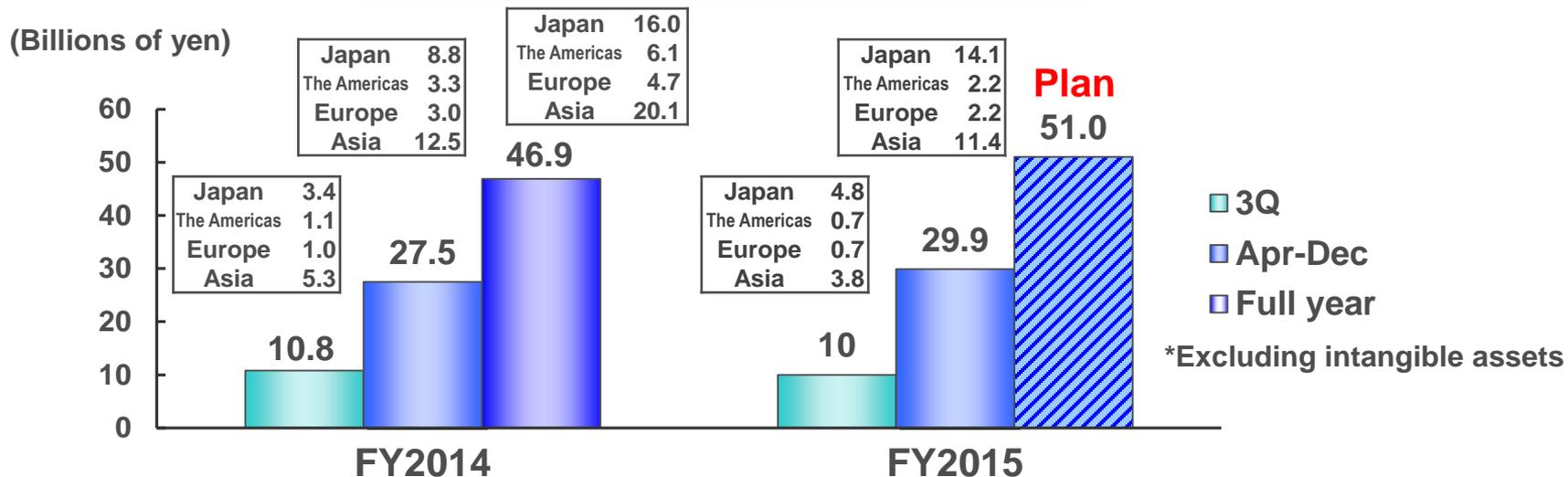
## Interest-bearing debt

Japan Non-Japan Net D/E ratio

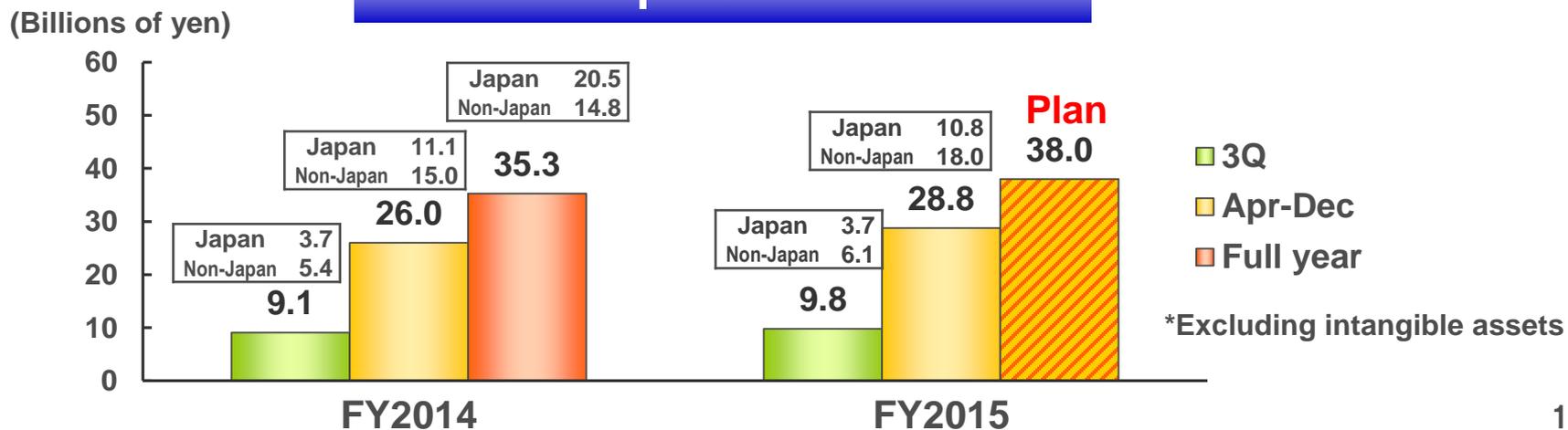


# Capital Expenditure / Depreciation

## Capital expenditure



## Depreciation



# (Supplementary Information) Results by Geographical Segment

(Billions of yen)		FY2014			FY2015						
		3Q <Actual>	Apr-Dec <Actual>	Full year <Actual>	3Q <Actual>	Increase/ Decrease YOY	% Change	Apr-Dec <Actual>	Increase/ Decrease YOY	% Change	Full year <Oct. 27 FCST>
Total	Net sales	247.5	711.9	974.9	245.7	-1.8	-0.7%	735.5	+23.6	+3.3%	980.0
	Operating income	26.3	67.0	97.3	24.3	-2.0	-7.6%	73.7	+6.7	+10.0%	94.0
	%	10.6%	9.4%	10.0%	9.9%			10.0%			9.6%
Japan	Net sales	133.6	387.8	522.7	121.0	-12.6	-9.4%	369.2	-18.5	-4.8%	493.5
	Operating income	12.3	29.3	41.0	7.4	-4.9	-39.6%	26.6	-2.7	-9.1%	32.5
	%	9.2%	7.5%	7.8%	6.1%			7.2%			6.6%
The Americas	Net sales	40.4	113.4	156.7	43.3	+2.9	+7.3%	132.5	+19.1	+16.8%	176.5
	Operating income	2.7	7.2	10.5	3.6	+0.9	+33.5%	10.5	+3.3	+46.2%	13.5
	%	6.6%	6.4%	6.7%	8.2%			8.0%			7.6%
Europe	Net sales	35.6	101.5	138.8	33.7	-1.9	-5.3%	99.3	-2.1	-2.1%	132.0
	Operating income	3.2	7.6	11.3	2.3	-0.9	-28.8%	5.9	-1.7	-21.9%	9.0
	%	9.1%	7.5%	8.2%	6.8%			6.0%			6.8%
Asia	Net sales	91.9	257.4	353.9	93.3	+1.4	+1.5%	277.3	+19.9	+7.7%	368.5
	Operating income	12.2	31.6	44.2	13.1	+0.9	+7.4%	36.5	+4.9	+15.5%	47.5
	%	13.3%	12.3%	12.5%	14.0%			13.2%			12.9%
Eliminations (sales)		-53.9	-148.1	-197.4	-45.6	+8.3		-142.9	+5.2		-190.5
Eliminations/corporate		-4.1	-8.7	-9.7	-2.0	+2.1		-5.9	+2.8		-8.5

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



(Billions of yen)	FY2014				FY2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	Full year (Plan)
R&D expenses	2.5	2.9	2.6	2.7	2.6	2.9	2.7	11.0

(Head count)	FY2014				FY2015		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Total:	30,837	31,131	31,299	31,088	31,467	31,162	31,491
Japan	11,277	11,185	11,113	11,036	11,092	11,065	11,303
The Americas	3,080	3,205	3,278	3,294	3,291	3,263	3,253
Europe	3,481	3,529	3,584	3,563	3,565	3,559	3,543
Asia	12,999	13,212	13,324	13,195	13,519	13,275	13,392