



# FINANCIAL CONFERENCE

## Consolidated Business Results and Forecast

November 1, 2018

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

Copyright NSK Ltd. All Rights Reserved.

- 1. Consolidated Business Results  
for the Six Months Ended September 30, 2018**
- 2. Consolidated Business Forecast  
for the Year Ending March 31, 2019**
- 3. Progress of the 5<sup>th</sup> Mid-Term Management Plan  
(Supplementary Information)**

# **1. Consolidated Business Results for the Six Months Ended September 30, 2018**

# Summary of Consolidated Business Results for the Six Months Ended September 30, 2018

## Business Environment

- ✓ Industrial machinery business: Generally remained solid.  
However, demand entered an adjustment phase.
- ✓ Automotive business: Robust in NA, production adjustment in China, WLTP in Europe.
- ✓ Uncertain factors: Trade friction, currency depreciation in emerging nations, increase in resource prices.

## Summary of Business Results

✓ Consolidated Business Results for FY2018: 1H (Apr.-Sep.) (From FY2017 1H)

Net Sales :	¥ 509.6 billion	(+¥ 16.3 billion / +3.3%)
Segment Income* :	¥ 46.4 billion	( +¥ 2.2 billion / +4.9%)
(%)	(9.1%)	(+0.1p)
Operating Income :	¥ 45.0 billion	( +¥ 2.2 billion / +5.2%)
(O.I. %)	(8.8%)	(+0.1p)
Net Income Attributable to Owners of the Parent :	¥ 30.9 billion	( +¥ 2.6 billion / +9.0%)

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

- ✓ YOY: Increase in both sales and profit, record-high sales for the 1<sup>st</sup> half (Apr.-Sep.)
- ✓ ROE 11.4% (1<sup>st</sup> half profit base). Interim dividend: ¥20 per share
- ✓ Enhanced shareholder returns: commenced share buy-back of 20 billion yen (at maximum) from August.

# Summary of Consolidated Business Results for the Six Months Ended September 30, 2018

(Billions of yen)	FY2017	1 <sup>st</sup> half <Actual>	FY2018		
	1 <sup>st</sup> half <Actual>		Increase/ Decrease YOY	Difference YOY	1 <sup>st</sup> half <FCST>
Net sales	493.3	509.6	+16.3	+3.3%	509.0
Operating income <%>	42.7 <8.7%>	45.0 <8.8%>	+2.2	+5.2%	47.0 <9.2%>
Income before income taxes	42.4	45.1	+2.7	+6.3%	46.5
Net income attributable to owners of the parent	28.4	30.9	+2.6	+9.0%	33.0
(Ex. rate: 1USD=)	111.07	110.27	-0.80	-0.7%	105
( " 1EUR=)	126.29	129.84	+3.55	+2.8%	125
( " 1CNY=)	16.42	16.75	+0.33	+2.0%	16.7

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

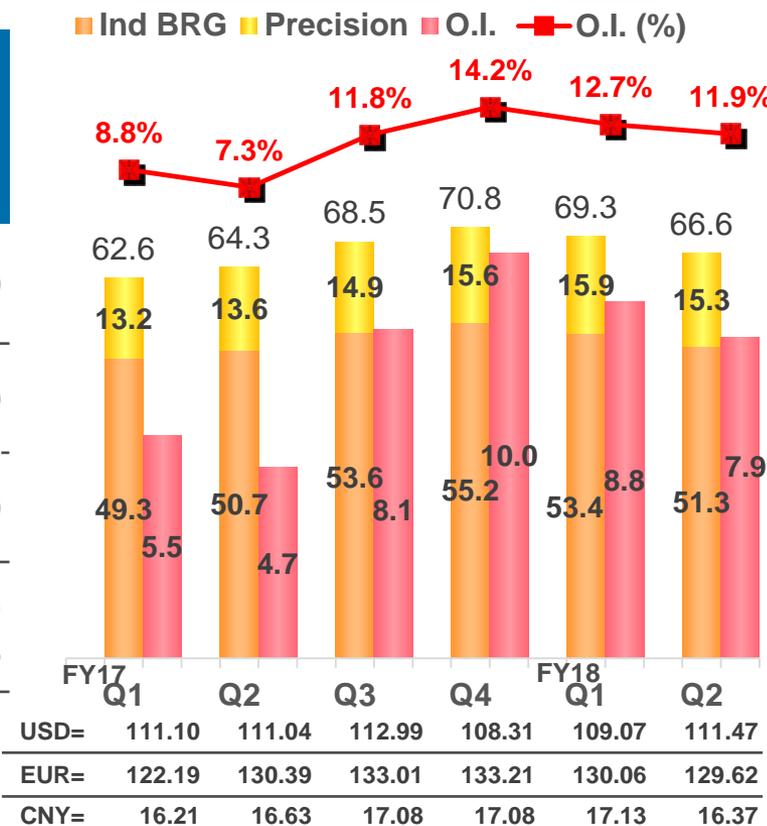
Segment income <%>	44.2 <9.0%>	46.4 <9.1%>	+2.2	+4.9%	47.5 <9.3%>
-----------------------	----------------	----------------	------	-------	----------------

## Major Indexes

ROE	11.7%	11.4%
Net D/E ratio (times)	0.22	0.23
Inventory turnover (times)	7.2	6.8

# Business Results: Industrial Machinery Business

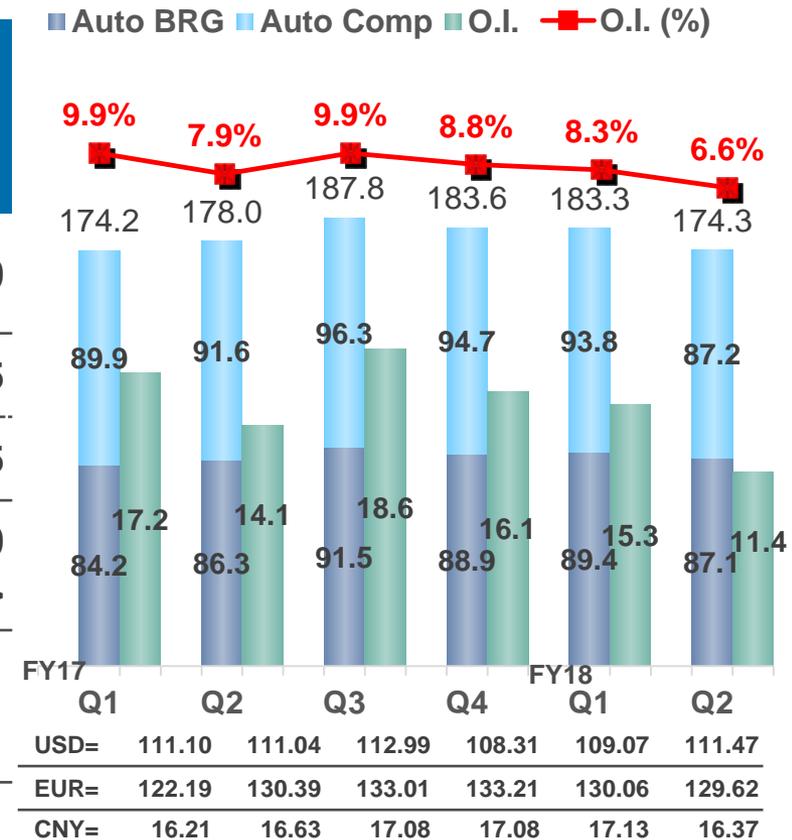
(Billions of yen)	FY2017 1 <sup>st</sup> half <Actual>	FY2018 1 <sup>st</sup> half <Actual>	Increase/ Decrease YOY	Difference YOY	FY2018 1 <sup>st</sup> half <FCST>
Net sales	126.9	135.9	+9.0	+7.1%	139.0
Industrial machinery Bearings	100.0	104.7	+4.6	+4.6%	108.0
Precision machinery and parts	26.9	31.2	+4.3	+16.1%	31.0
Operating Income <%>	10.2 <8.1%>	16.7 <12.3%>	+6.5	+63.3%	17.5 <12.6%>
(Ex. rate:1USD=)	111.07	110.27	-0.80	-0.7%	105
( " 1EUR=)	126.29	129.84	+3.55	+2.8%	125
( " 1CNY=)	16.42	16.75	+0.33	+2.0%	16.7



- ✓ Industrial business remained solid in the 1<sup>st</sup> half. Sales increased 7% year on year.
- ✓ Precision sales and profits hit a record-high on a half-year basis. Sales grew 16%.
- ✓ Operating income increased substantially. Although results did not meet forecasts due to one-off expenses, successfully maintained a double-digit profit margin.
- ✓ 3-month trend (Q2): Chinese market weakened. Adjustment in the semiconductor and electrical sectors.

# Business Results: Automotive Business

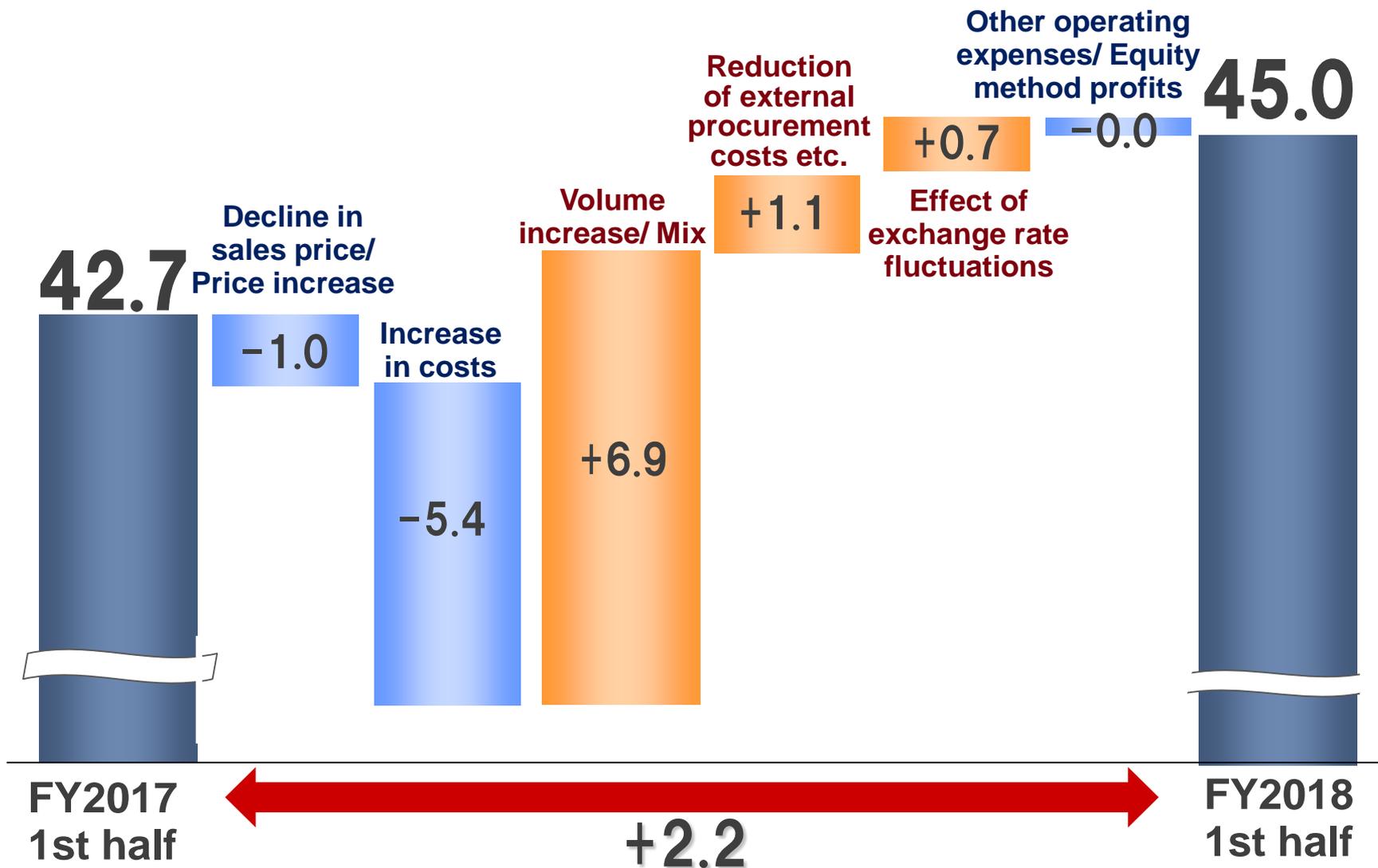
(Billions of yen)	FY2017 1 <sup>st</sup> half <Actual>	FY2018 1 <sup>st</sup> half <Actual>	Increase/ Decrease YOY	Difference YOY	FY2018 1 <sup>st</sup> half <FCST>
Net sales	352.1	357.6	+5.4	+1.5%	355.0
Automotive Bearings	170.6	176.5	+6.0	+3.5%	178.5
Automotive Components	181.6	181.1	-0.5	-0.3%	176.5
Operating Income <%>	31.2 <8.9%>	26.7 <7.5%>	-4.5	-14.5%	27.0 <7.6%>
(Ex. rate:1USD=)	111.07	110.27	-0.80	-0.7%	105
( " 1EUR=)	126.29	129.84	+3.55	+2.8%	125
( " 1CNY=)	16.42	16.75	+0.33	+2.0%	16.7



- ✓ Sales: Increased 1.5% year on year. Sales of bearings and AT-related products remained robust. Decline in steering sales.
- ✓ Sales vs. Forecast: Steering sales exceeded forecast.
- ✓ Sales impacted by natural disasters, production adjustment by customers in China, WLTP in Europe.
- ✓ Operating income: impacted by increase in labor costs, delay in passing on steel price rises.

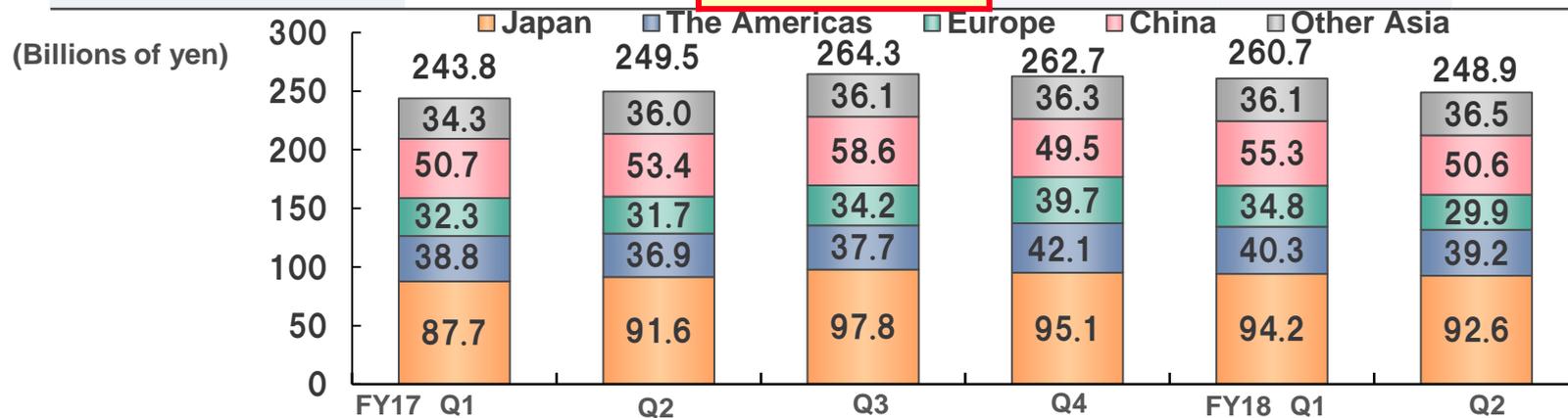
# Operating Income: Factors Behind Change (FY2017 1st half ⇒ FY2018 1st half)

(Billions of yen, Figures are rounded to the nearest 100 million yen)



# Sales Results by Customer Location

(Billions of yen)	FY2017	FY2018			
	1 <sup>st</sup> half <Actual>	1 <sup>st</sup> half <Actual>	Increase/ Decrease YOY	Difference YOY	1 <sup>st</sup> half <FCST>
Net sales	493.3	509.6	+16.3	+3.3%	509.0
Japan	179.3	186.9	+7.6	+4.2%	190.5
Non-Japan	314.1	322.7	+8.7	+2.8%	318.5
<Non-Japan ratio>	<63.7%>	<63.3%>			<62.6%>
The Americas	75.7	79.5	+3.8	+5.0%	76.0
Europe	64.0	64.7	+0.7	+1.1%	66.0
China	104.0	105.9	+1.9	+1.8%	104.5
Other Asia	70.3	72.6	+2.3	+3.2%	72.0



USD=	111.10	111.04	112.99	108.31	109.07	111.47
EUR=	122.19	130.39	133.01	133.21	130.06	129.62
CNY=	16.21	16.63	17.08	17.08	17.13	16.37

## **2. Consolidated Business Forecast for the Year Ending March 31, 2019**

## Forecasted Business Environment

- ✓ Global economy is moving toward a slowdown phase.
- ✓ Intensifying trade war. Geopolitical risks including Brexit. Instability in currency markets.

## Business Forecast

- ✓ Downward revision to original business forecast

		(YoY)	May forecast	vs. May forecast
Net Sales :	¥ 1,010.0 billion	(-¥ 10.3 billion / -1.0%)	¥ 1,020.0 billion	(-¥ 10.0 billion / -1.0%)
Operating Income :	¥ 93.0 billion	( -¥ 4.9 billion / -5.0%)	¥ 98.0 billion	( -¥ 5.0 billion / -5.1%)
(O.I. %)	(9.2%)		(9.6%)	
Net Income Attributable to Owners of the Parent :	¥ 65.0 billion	( -¥ 4.3 billion / -6.2%)	¥ 69.0 billion	( -¥ 4.0 billion / -5.8%)

- ✓ 2<sup>nd</sup> half: Reviewed exchange rate assumptions: USD=¥110 (originally ¥105), EUR=¥125 (unchanged) , CNY=¥16.2 (originally ¥16.7)
- ✓ FY18 full-year dividend remains unchanged at ¥40 (2<sup>nd</sup> half: ¥20), Payout ratio 32% (forecast), Share buyback: ongoing, ¥20 billion at maximum.

# Summary of Consolidated Business Forecast for the Year Ending March 31, 2019

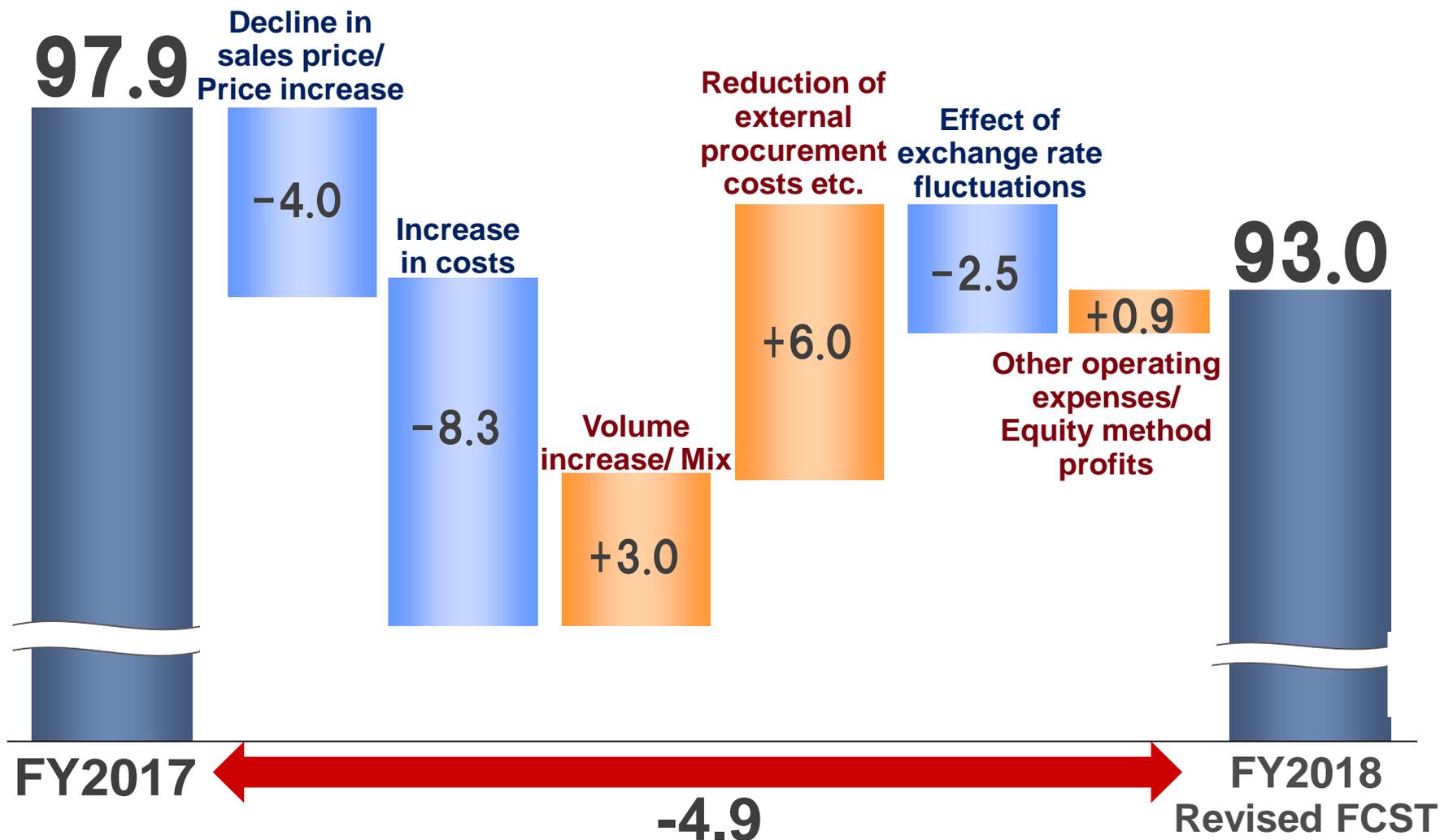
(Billions of yen)	FY2017	FY2018					
	Full year <Actual>	1 <sup>st</sup> half <Actual>	2 <sup>nd</sup> half <Revised FCST>	Full year <Revised FCST>	Increase/ Decrease YOY	Difference YOY	Full year <May FCST>
Net sales	1,020.3	509.6	500.4	1,010.0	-10.3	-1.0%	1,020.0
Operating income <%>	97.9 <9.6%>	45.0 <8.8%>	48.0 <9.6%>	93.0 <9.2%>	-4.9	-5.0%	98.0 <9.6%>
Income before income taxes	97.2	45.1	47.9	93.0	-4.2	-4.4%	97.0
Net income attributable to owners of the parent	69.3	30.9	34.1	65.0	-4.3	-6.2%	69.0
(Ex. rate: 1USD=)	110.86	110.27	110.00	110.14	-0.72	-0.6%	105
( " 1EUR=)	129.70	129.84	125.00	127.42	-2.28	-1.8%	125
( " 1CNY=)	16.75	16.75	16.20	16.48	-0.27	-1.6%	16.7
<b>*Reference</b>	Segment Income : Operating income before deduction of other operating expenses Other operating expenses : Antimonopoly Act -related losses, foreign exchange losses						
Segment income <%>	100.3 <9.8%>	46.4 <9.1%>	48.6 <9.7%>	95.0 <9.4%>	-5.3	-5.3%	99.0 <9.7%>

# Forecast by Business Segment

(Billions of yen)		FY2017	FY2018					Full year <May FCST>
		Full year <Actual>	1st half <Actual>	2nd half <Revised FCST>	Full year <Revised FCST>	Increase/ Decrease YOY	Difference YOY	
<b>Total</b>	Net sales	1,020.3	509.6	500.4	1,010.0	-10.3	-1.0%	1,020.0
	Operating income	97.9	45.0	48.0	93.0	-4.9	-5.0%	98.0
	<%>	9.6%	8.8%	9.6%	9.2%			9.6%
<b>Industrial Machinery Business</b>	Net sales	266.2	135.9	140.1	276.0	+9.8	+3.7%	283.0
	Industrial Machinery Bearings	208.9	104.7	110.3	215.0	+6.1	+2.9%	220.0
	Precision Machinery and Parts	57.4	31.2	29.8	61.0	+3.6	+6.3%	63.0
	Operating income	28.3	16.7	18.3	35.0	+6.7	+23.5%	38.0
	<%>	10.6%	12.3%	13.0%	12.7%			13.4%
<b>Automotive Business</b>	Net sales	723.6	357.6	345.4	703.0	-20.6	-2.8%	706.0
	Automotive Bearings	350.9	176.5	183.0	359.5	+8.6	+2.4%	362.5
	Automotive Components	372.6	181.1	162.4	343.5	-29.1	-7.8%	343.5
	Operating income	66.0	26.7	27.3	54.0	-12.0	-18.1%	55.0
	<%>	9.1%	7.5%	7.9%	7.7%			7.8%
<b>Others</b>	Net sales	57.9	30.3	32.7	63.0	+5.1	+8.8%	65.0
	Operating income	5.7	2.8	3.2	6.0	+0.3	+5.8%	6.0
	<%>	9.8%	9.3%	9.7%	9.5%			9.2%
<b>Eliminations (sales)</b>		-27.4	-14.2	-17.8	-32.0	-4.6		-34.0
Other operating expenses / Adjustments		-2.1	-1.3	-0.7	-2.0	+0.1		-1.0

# Operating Income: Factors Behind Change (FY2017 ⇒ FY2018 Revised Forecast)

(Billions of yen)



# Business Forecast by Customer Location

(Billions of yen)	FY2017	FY2018					
	Full year <Actual>	1 <sup>st</sup> half <Actual>	2 <sup>nd</sup> half <Revised FCST>	Full year <Revised FCST>	Increase/ Decrease YOY	Difference YOY	Full year <May FCST>
Net sales	1,020.3	509.6	500.4	1,010.0	-10.3	-1.0%	1,020.0
Japan	372.1	186.9	188.6	375.5	+3.4	+0.9%	381.5
Non-Japan <Non-Japan ratio>	648.2 <63.5%>	322.7 <63.3%>	311.8 <62.3%>	634.5 <62.8%>	-13.7	-2.1%	638.5 <62.6%>
The Americas	155.5	79.5	72.0	151.5	-4.0	-2.6%	150.5
Europe	137.9	64.7	68.3	133.0	-4.9	-3.5%	136.0
China	212.1	105.9	98.6	204.5	-7.6	-3.6%	207.5
Other Asia	142.8	72.6	72.9	145.5	+2.7	+1.9%	144.5
(Ex. rate: 1USD=)	110.86	110.27	110.00	110.14	-0.72	-0.6%	105
( " 1EUR=)	129.70	129.84	125.00	127.42	-2.28	-1.8%	125
( " 1CNY=)	16.75	16.75	16.20	16.48	-0.27	-1.6%	16.7

## FY2018 Key challenges in the 2<sup>nd</sup> half

### ● The 5<sup>th</sup> MTP Actions for Wrap-up

- ✓ Pursuit of Operational Excellence
  - Profitability improvement
  - Agile response to changes in business environment
- ✓ Innovate and Challenge
  - Sowing seeds for the next phase of growth
- ✓ Safety, Quality, and Compliance as NSK's core values

### ● Business Initiatives

- ✓ Accumulate profits
  - Continue pricing policy, reflect cost increases in sales prices, reduce costs
- ✓ Strengthen inventory control
- ✓ Limit investment in capacity increase

## **3. Progress of the 5<sup>th</sup> Mid-Term Management Plan**

## The 5<sup>th</sup> MTP Concept

**NSK Vision 2026 Setting the Future in Motion**

Embark on new chapter in evolution towards next 100 years

**Operational Excellence**

**Sustainable Growth**

Deliver new value to society  
Work together with stakeholders

**Reconstruct profit base**

Increase and stabilize profitability  
*Monozukuri*, quality, personnel

Expand into new growth fields

Growth in core businesses  
New products, new fields

**Innovate and Challenge**

**Industrial Machinery • Automotive**

**Safety • Quality • Compliance**

**Business Foundation as 1 trillion Yen Company**

As the first step towards NSK Vision 2026: *Setting the Future in Motion*, we have set two key policies of “operational excellence” and “innovate and challenge”, and are addressing three main management tasks: achieving sustainable growth, reconstructing our profit base, and establishing new growth fields.

## ● Business environment in the 5<sup>th</sup> MTP

- Acceleration of technological evolution (IoT, AI, robotics, CASE)
- China announces development goals “Made in China 2025”, “Belt and Road Initiative”
- Expansion of protectionism
- Rise in labor costs due to labor shortage
- Increase in resource prices



## ● NSK's initiatives

- Capture recovering demand in industrial machinery sector
- Ensure stable supply to capture expanding AT-related demand
- Release new core products
- Absorb increase in fixed costs through productivity improvement and growth

**Focus on achieving final-year targets of 5<sup>th</sup> MTP and build foundations for next growth phase**

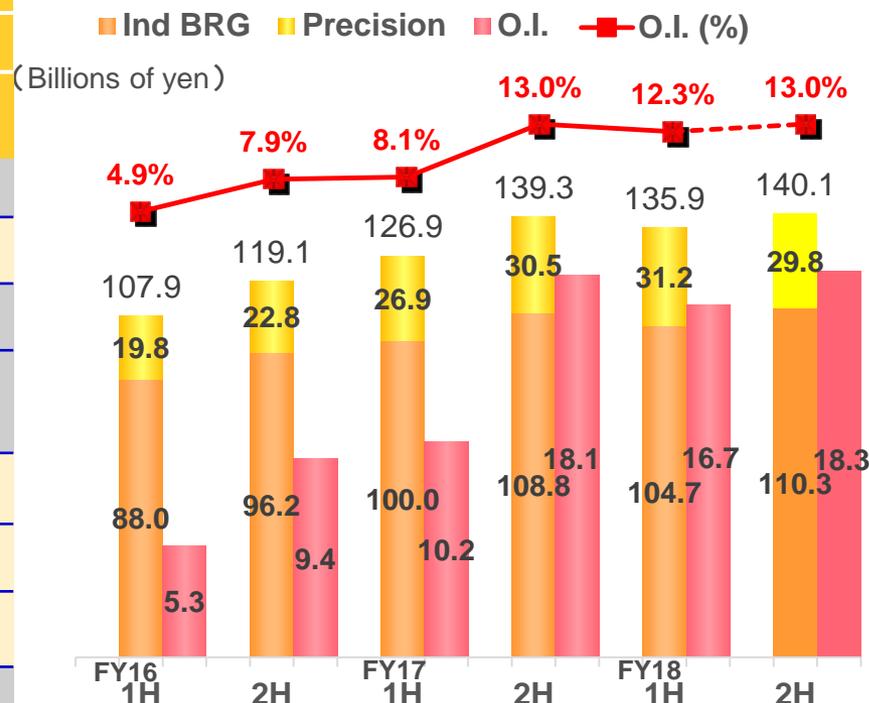
### Demand trend by Sector

Sector	Actual	Forecast	
	19/3 1H vs. 18/3 2H	19/3 2H vs. 19/3 1H	
		As of May 2018	As of now
Home Appliances	→	→	↓
Steel Plant Facilities	↑ ↑	→	→
Fluid Machinery	↑	↑	→
Mining / Construction Machinery	↑ ↑	↑ ↑	→
Agricultural Machinery	↓	→	↑
Wind Turbines	→	→	→
Railcars	↑	→	→
Machine Tools	↓	↑	↓
Injection Molding	→	↑ ↑	↑
Semiconductors	→	↑	→
Robots	↓ ↓	↑ ↑	→
Aftermarket	→	↑	→

Demand forecast: ↑ Increase, → Unchanged, ↓ Decrease

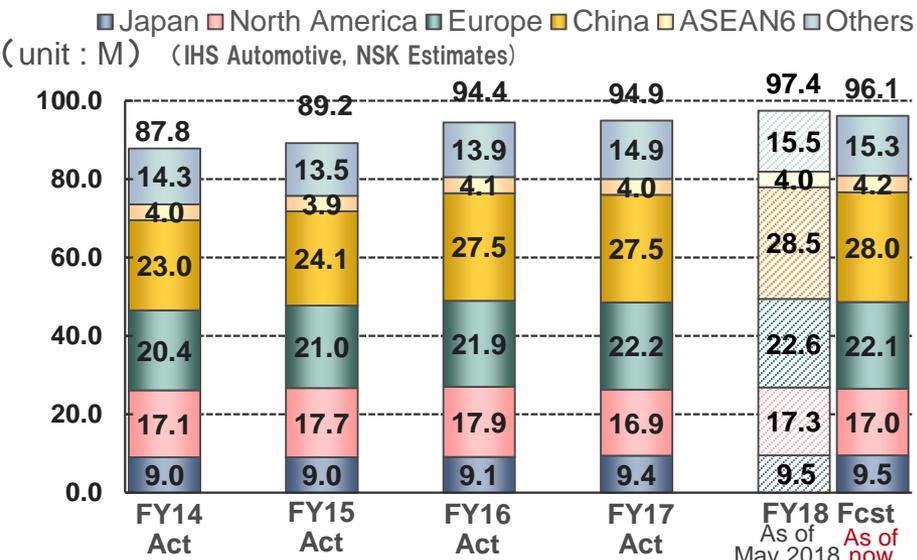
- 19/3 1H: Adjustment begun in some sectors
- 2H: Slowdown trend compared to May 2018 forecast (particularly in Chinese market)

### Sales/Operating Income/Margin



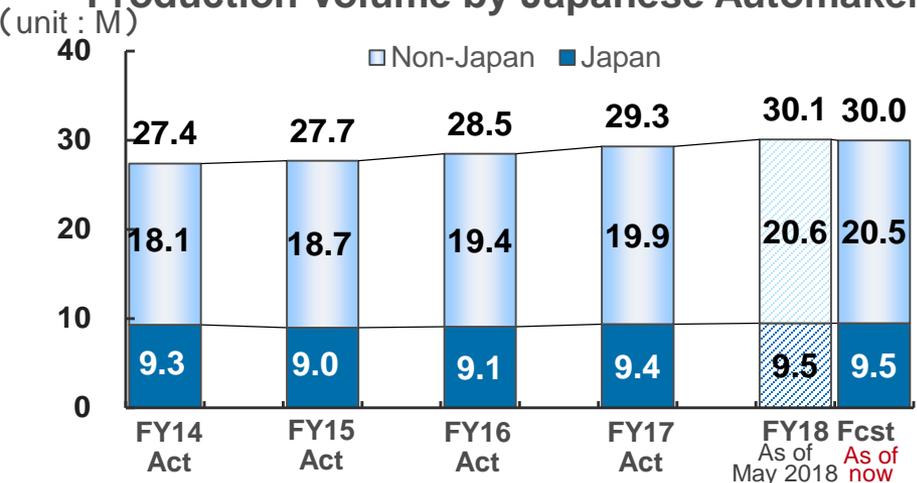
- Respond to changes in demand environment in a flexible manner
  - Conduct through PSI management
- Secure steady production for sales-expansion projects and tight supply products
- Improve portfolio (GAM)
- Continue pricing policy
- Enhance productivity

### Global Vehicle Production Volume



Growth expected to slow compared to forecast as of May 2018.  
 China: Uncertainty over trade friction, Europe: Impact from introduction of WLTP. FY18 total global forecast : +1.3% YOY

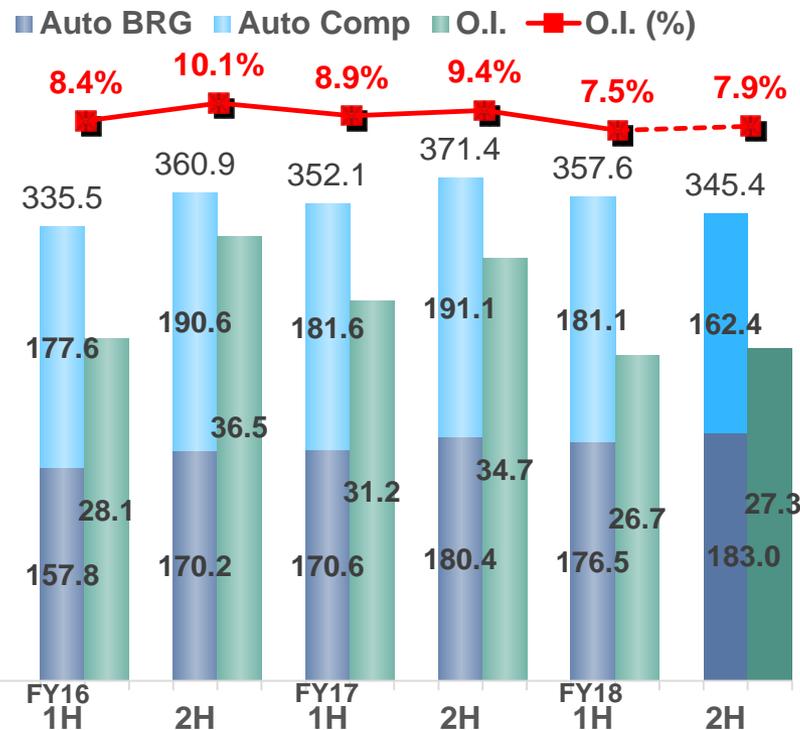
### Production Volume by Japanese Automakers



Outpaced growth in global vehicle production: +2.4% YOY

### Sales/Operating Income/Margin

(Billions of yen)



- Respond flexibly to changes in market trends
- Ensure stable supply AT-related products and products for electrification
- Reflect steel price rises in sales prices
- Reduce procurement costs
- Improve labor cost efficiency

## Commercialization of service using CMS technology

Utilize condition monitoring / diagnosis technologies for bearings and precision machinery products

-Support customer / end-user problem-solving and contribute to productivity improvement

➤ Condition monitoring / diagnosis software: 「**ACOUS NAVI™**」

-Participate in **FA, IoT open platform**  
Contribute to shop-floor productivity improvement

- Edgexcross consortium
- FIELD system

-**Individual customer services** utilizing diagnosis devices or software

- Wind turbines, railcars, mining/construction machinery

Build a business model

Establish customer and end-user support services

Detect abnormality, predict failure and life

↓  
Cover the whole process of product life cycle

## Qualitative enhancement in AM business

Improve portfolio as profit driver

- Enhance resources of multi-national team
- Steadily implement channel management, sector approach, product strategy and inventory management

➤ Successful examples in MRO business approach  
<U.S.: expanded business with major paper manufacturer>

Channel management	Collaboration with multi-brand distributor
Sector	Paper
Product strategy	Exclusive model for papermaking
Outcomes	Obtained a mid-term contract as main supplier -Share increase FY17 20% -> FY21 approx. 70% (fcst) -Sales increase FY17->FY21 200%up (fcst)

<Australia: Strengthened Ties with Major Distributor>

Channel management	“Partner” distributor
Sector	Mining
Product strategy	Sealed SRB for conveyor pulleys
Outcomes	Expanded Australian mining business 50% increase in purchases from NSK (FY17 vs. FY14)

# Automotive Business –Examples of NSK’s Initiatives for next growth-

## 3<sup>rd</sup> building at Haruna Plant, Japan

- Increased production capacity in response to expanding AT demand
- Established Needle Development Center
  - Consolidated functions including design, prototype, assessment, production in order to shorten new product development cycle.
  - Sophisticated press processing technology and mold development
- New product development for PHEV and EV



## Contributing to automotive innovation

- Value creation for autonomous and electric vehicles from a user perspective



### <Traction Reducer>

- Improves energy transmission efficiency and quietness in integrated deceleration mechanism
- Reduce power consumption



### <Force feedback actuator, road wheel actuator>

- Provides feedback on road surface to SbW

## HUB bearings for EV

NSK’s low-friction technology helped win several HUB bearing orders for EV

Region	FY21 Sales Forecast
U.S.	approx. ¥ 6.0 billion
China	approx. ¥ 1.0 billion
Europe	approx. ¥ 2.5 billion
Total	approx. ¥ 9.5 billion

<NSK-specific Technologies>

Improved fuel economy

Lower friction

Grease

Seals



### <Wheel Hub Motor Fit>

- Flexible drive power distribution by four-wheel independent drives
- Better steering performance
- Wider cabin space



### <Parallel Link Type Active Suspension>

- Greater attitudinal control improves driving performance and passenger comfort

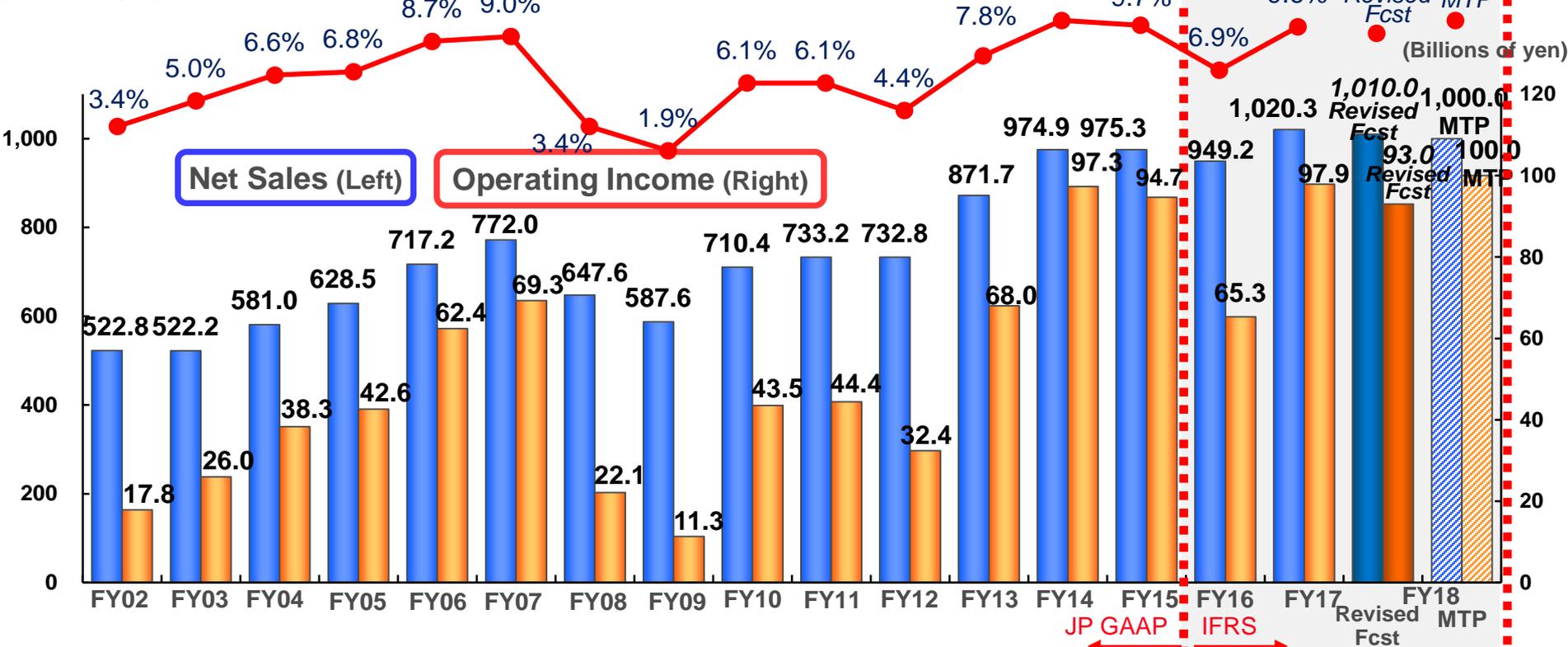
# (Supplementary Information)

# Consolidated Business Trend

● Operating Income %

The 5<sup>th</sup> Mid-term Plan

(Billions of yen)



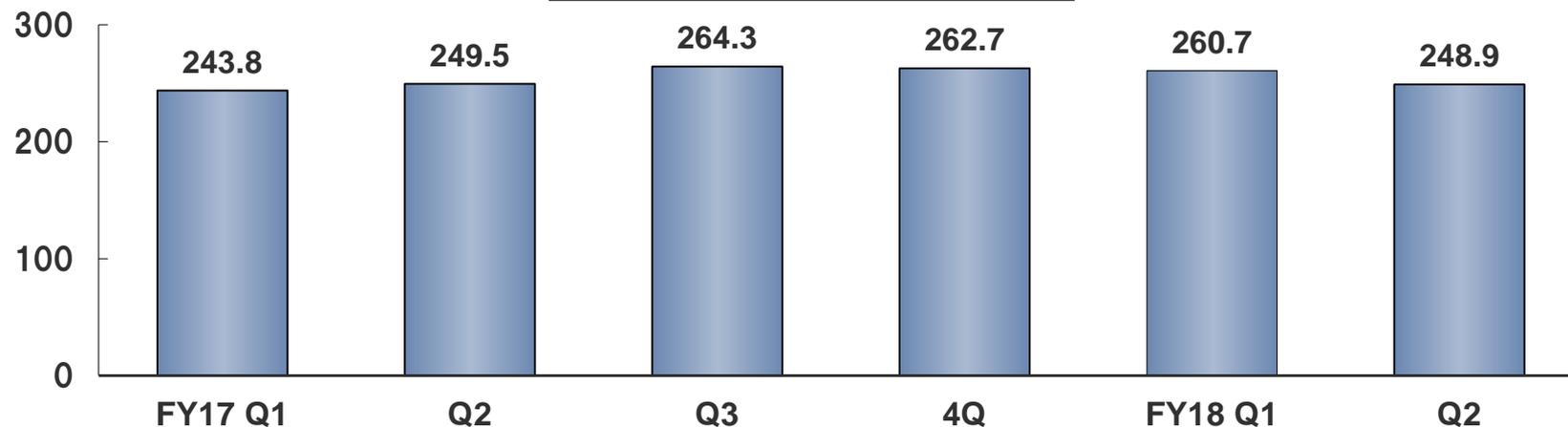
\$	125	116	108	110	117	115	101	93	86	79	83	100	110	120	108	111	110	105
EURO	118	131	134	137	150	162	145	131	113	109	107	134	139	133	119	130	127	120



# (Supplementary Information) Quarterly Business Performance

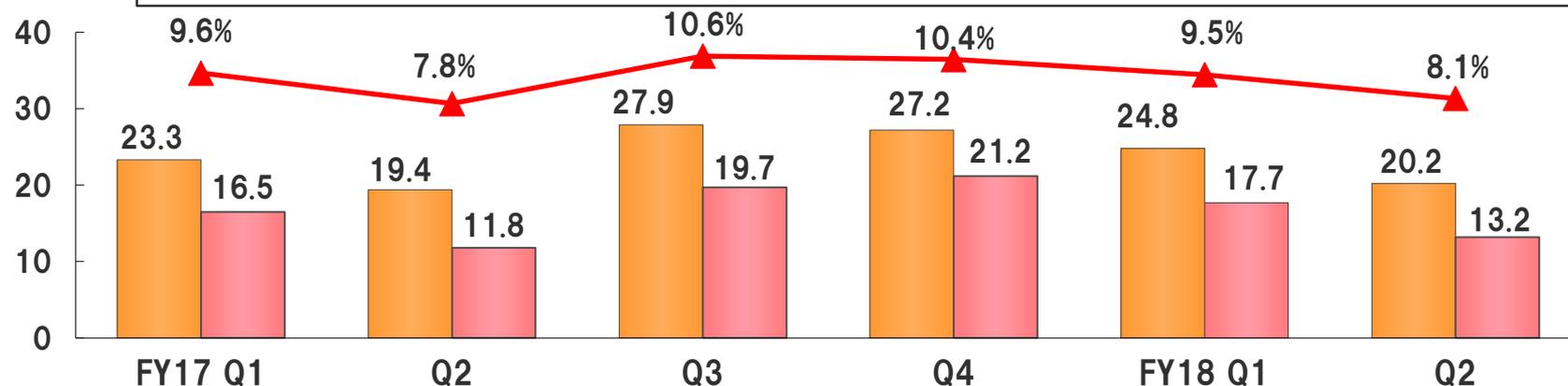
(Billions of yen)

Net sales



(Billions of yen)

Operating income   Net income attributable to owners of the parent   Operating income margin



1USD=	111.10	111.04	112.99	108.31	109.07	111.47
1EUR=	122.19	130.39	133.01	133.21	130.06	129.62
1CNY=	16.21	16.63	17.08	17.08	17.13	16.37

**Sales & Operating Income Results by Business Segment**

(Billions of yen)		FY2017 1st half <Actual>	FY2018 1st half <Actual>	Increase/ Decrease YOY	Difference YOY	FY2018 1st half <FCST>
<b>Total</b>	Net sales	493.3	509.6	+16.3	+3.3%	509.0
	Operating income	42.7	45.0	+2.2	+5.2%	47.0
	<%>	8.7%	8.8%			9.2%
<b>Industrial Machinery Business</b>	Net sales	126.9	135.9	+9.0	+7.1%	139.0
	Industrial Machinery Bearings	100.0	104.7	+4.6	+4.6%	108.0
	Precision Machinery and Parts	26.9	31.2	+4.3	+16.1%	31.0
	Operating income	10.2	16.7	+6.5	+63.3%	17.5
	<%>	8.1%	12.3%			12.6%
<b>Automotive Business</b>	Net sales	352.1	357.6	+5.4	+1.5%	355.0
	Automotive Bearings	170.6	176.5	+6.0	+3.5%	178.5
	Automotive Components	181.6	181.1	-0.5	-0.3%	176.5
	Operating income	31.2	26.7	-4.5	-14.5%	27.0
	<%>	8.9%	7.5%			7.6%
<b>Others</b>	Net sales	26.7	30.3	+3.7	+13.7%	32.0
	Operating income	2.6	2.8	+0.3	+10.3%	3.0
	<%>	9.6%	9.3%			9.4%
<b>Eliminations (sales)</b>		-12.4	-14.2	-1.8		-17.0
Other operating expenses / Adjustments		-1.3	-1.3	+0.0		-0.5

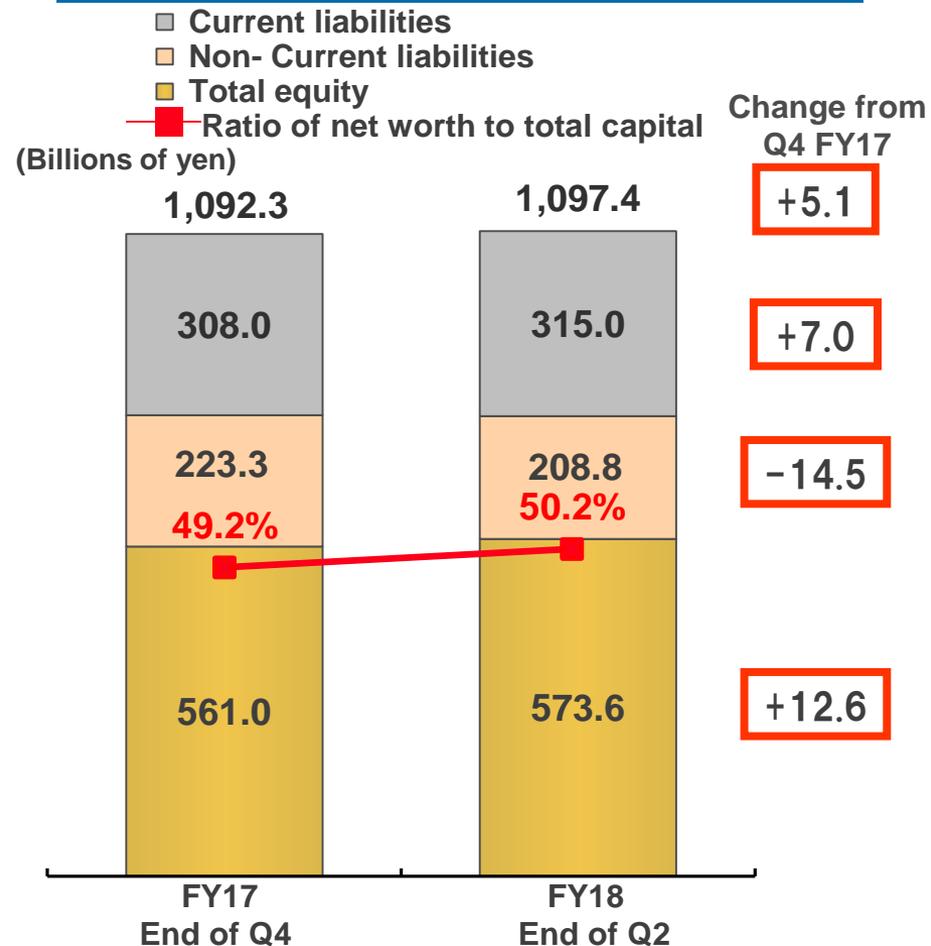
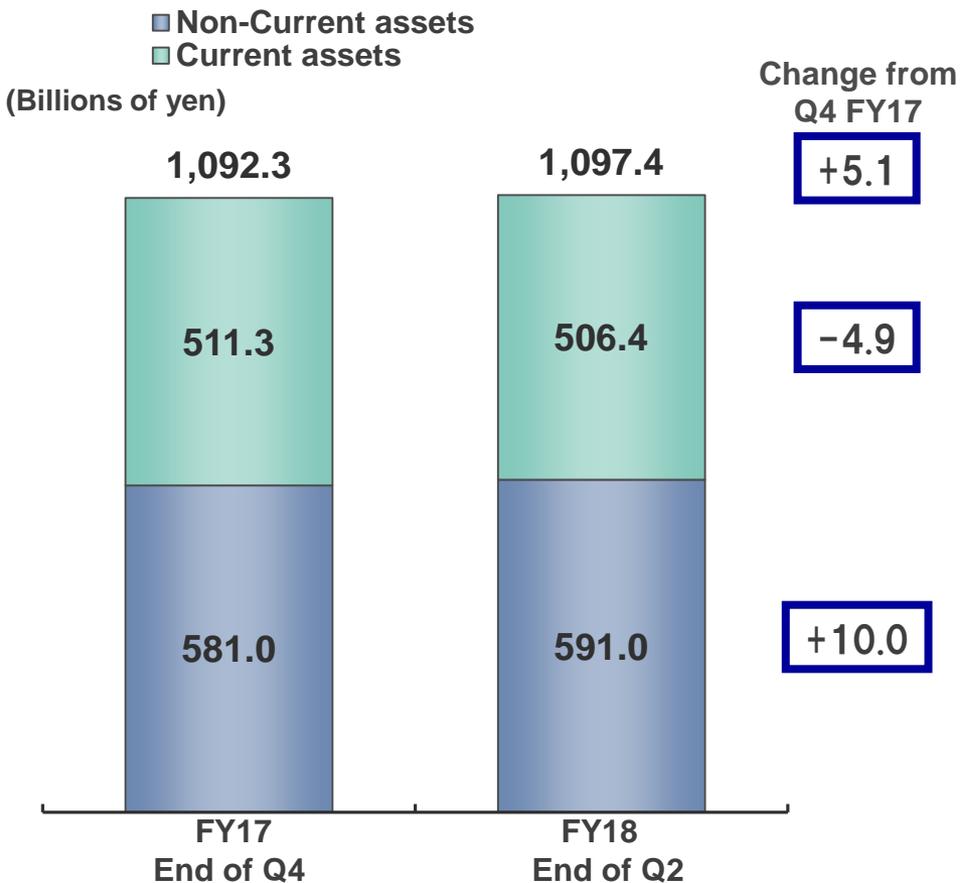
## Sales and O.I. by Geographical Segment

(Billions of yen)	FY2017		FY2018		
	1 <sup>st</sup> half <Actual>	Full year <Actual>	1 <sup>st</sup> half <Actual>	Increase/ Decrease YOY	Difference YOY
Net sales	493.3	1,020.3	509.6	+16.3	+3.3%
Japan	264.2	542.5	269.4	+5.2	+2.0%
The Americas	74.1	152.6	76.9	+2.8	+3.8%
Europe	65.8	141.3	66.5	+0.7	+1.1%
Asia	186.8	379.4	194.1	+7.3	+3.9%
Eliminations	-97.5	-195.5	-97.4	+0.1	
Operating Income	42.7 <8.7%>	97.9 <9.6%>	45.0 <8.8%>	+2.2	+5.2%
Japan	13.1 <5.0%>	27.7 <5.1%>	10.2 <3.8%>	-3.0	-22.7%
The Americas	4.9 <6.6%>	12.2 <8.0%>	5.0 <6.4%>	+0.1	+2.0%
Europe	2.0 <3.0%>	8.5 <6.0%>	4.1 <6.1%>	+2.1	+107.7%
Asia	25.5 <13.6%>	52.2 <13.7%>	27.8 <14.3%>	+2.3	+9.0%
Eliminations/ Corporate expenses	-2.7	-2.7	-2.0	+0.7	

# Consolidated Balance Sheet

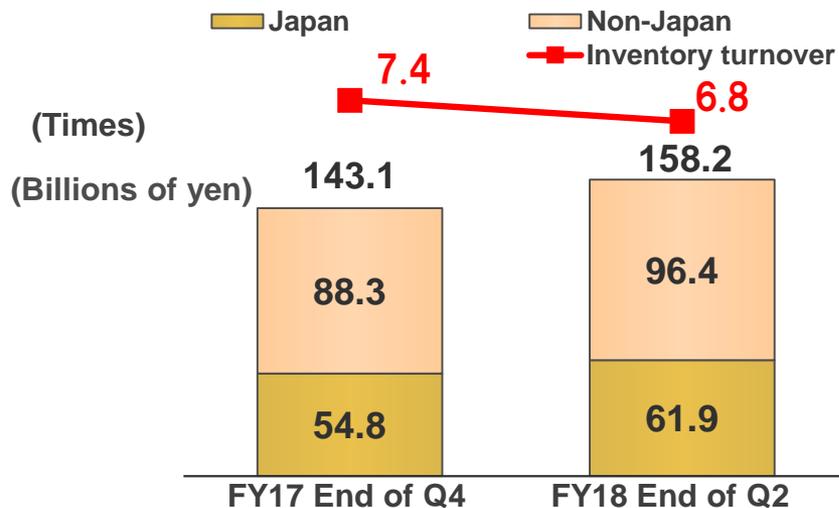
## Assets

## Liabilities / Total equity

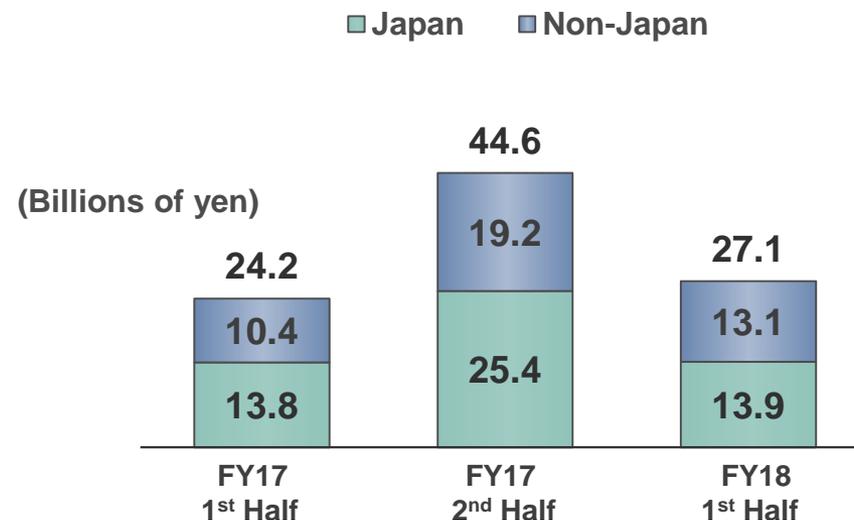


Ex. Rate	FY17 End of Q4	FY18 End of Q2
1USD=	106.27	113.58
1EUR=	130.58	132.15
1CNY=	16.92	16.50

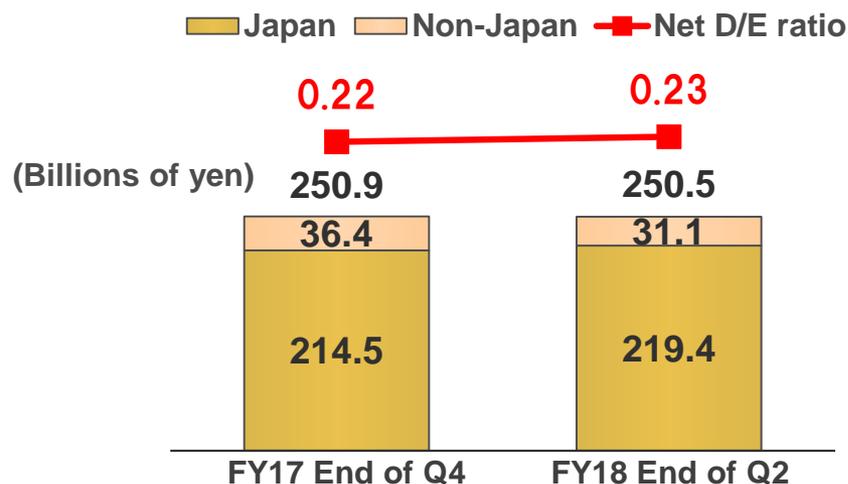
## Inventories



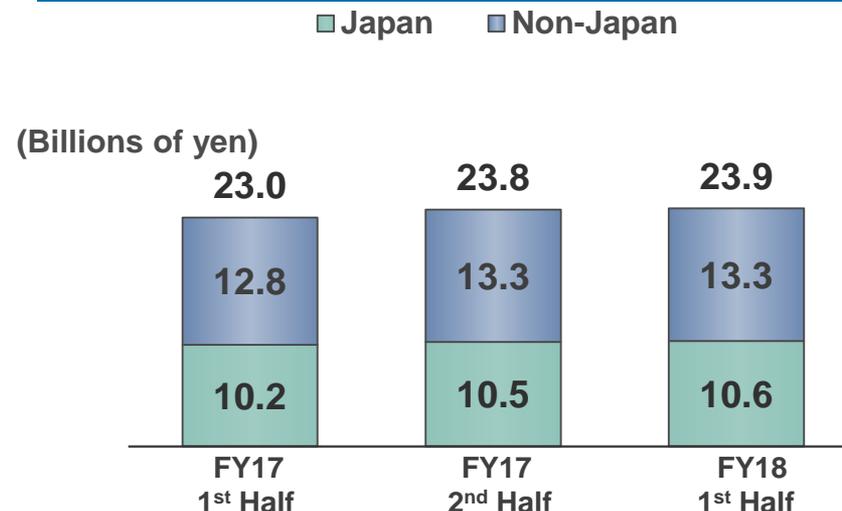
## Capital Expenditure



## Interest-bearing debt



## Depreciation and Amortisation



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

(Billions of yen)	FY2016 Full year <Actual>	FY2017 Full year <Actual>	FY2018 1 <sup>st</sup> half <Actual>	FY2018 Full year <FCST>	5 <sup>th</sup> MTP FY2016-FY2018 <Revised FCST>	5 <sup>th</sup> MTP FY2016-FY2018 <Original Plan>
Capital Expenditure	58.6	68.8	27.1	85.0	212.4	180.0
Depreciation and amortisation	43.4	46.8	23.9	50.0	140.1	130.0
R&D expenses (on a statutory basis)	13.9	17.1	9.4	18.0	48.9	40.0
(Reference) R&D expenses (on a managerial basis)	25.7	28.2	16.1	32.5	86.4	80.0