



FINANCIAL CONFERENCE

CONSOLIDATED BUSINESS RESULTS FOR Q3 FY2020



February 2, 2021
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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Business Results for FY2020:Q3

(Billions of yen)	Q3 (Oct. – Dec.)	(vs. FY2019 Q3)	Q3 YTD (Apr. – Dec.)	(vs. FY2019 Q3 YTD)
Sales :	214.4	+7.6/ +3.7%	530.3	-111.3/ -17.3%
Operating Income :	5.7	-1.4/ -19.3%	-5.0	-27.8/ –
(O.I%)	(2.6%)		(-0.9%)	
Net Income Attributable to Owners of the Parent :	4.3	-0.1/ -2.6%	-7.9	-24.2/ –

Highlights

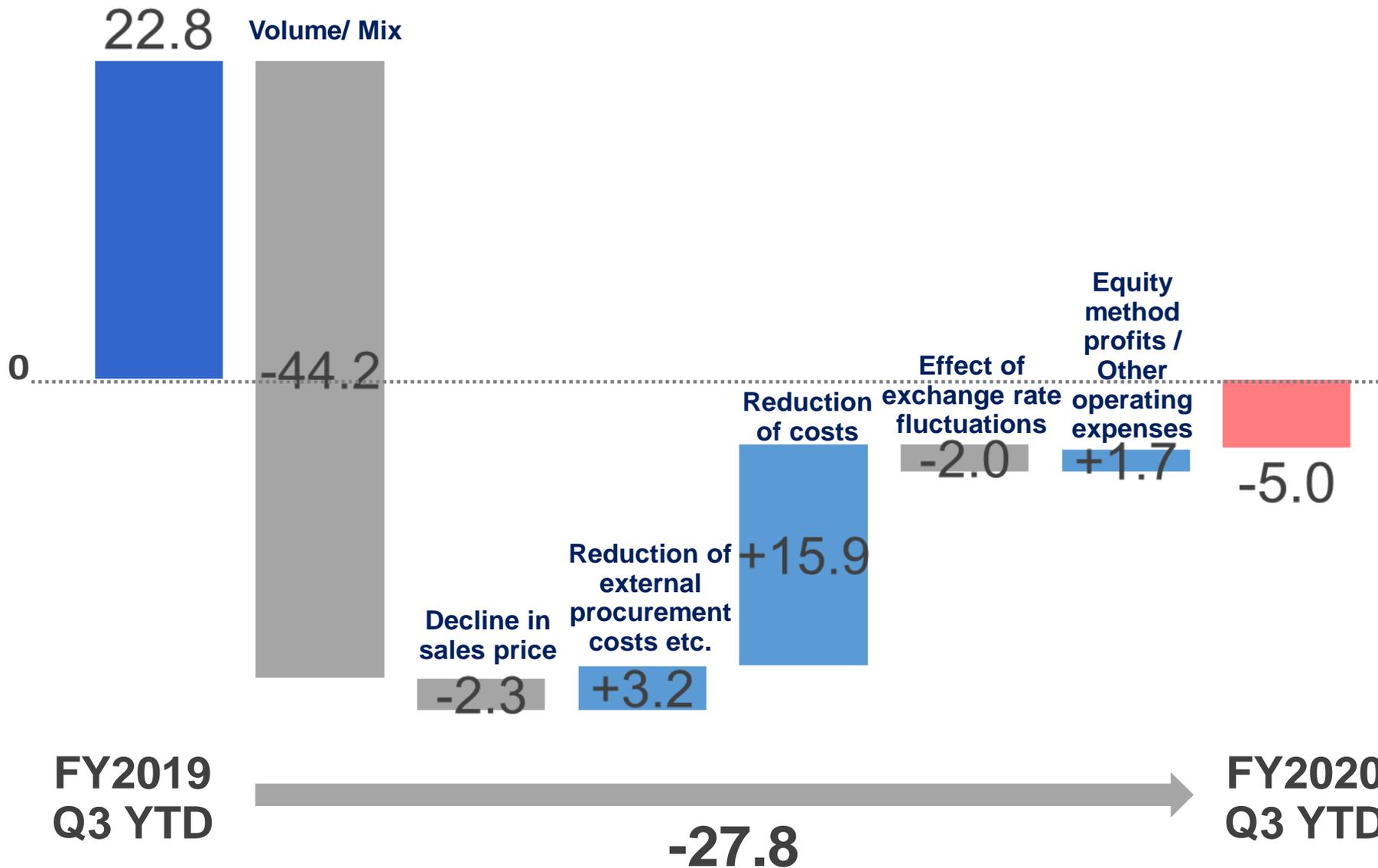
- ✓ Sales : Q3 YTD : Decreased in 1H due to impact of COVID-19.
Q3 : Increased YOY. (Sales YOY Q1 -42% → Q2 -12% → Q3 +4%)
- ✓ Automotive business : Robust demand in China.
Steady recovery in Japan, the U.S., and Europe.
- ✓ Industrial machinery business :
Infrastructure : Strong
Machine tools, electrical equipment, and semiconductors : Increased compared to Q2.
- ✓ Operating income in Q3 decreased YOY due to one-off factors.

Summary of Consolidated Business Results for FY2020: Q3

(Billions of yen)	FY2019		FY2020				Increase/ Decrease YOY	Difference YOY
	Q3 <Actual>	Apr-Dec <Actual>	Q1 <Actual>	Q2 <Actual>	Q3 <Actual>	Apr-Dec <Actual>		
Sales	206.8	641.6	128.9	187.0	214.4	530.3	-111.3	-17.3%
Operating income	7.0	22.8	-12.9	2.3	5.7	-5.0	-27.8	—
<%>	(3.4%)	(3.6%)	(-10.0%)	(1.2%)	(2.6%)	(-0.9%)		
Income before income taxes	7.4	23.0	-12.5	1.9	5.8	-4.9	-27.9	—
Net income attributable to owners of the parent	4.5	16.3	-9.7	-2.6	4.3	-7.9	-24.2	—
(Ex. rate: 1USD=)	108.75	108.67	107.62	106.22	104.49	106.11	-2.56	-2.4%
(" 1EUR=)	120.33	121.05	118.47	124.11	124.53	122.37	+1.32	+1.1%
(" 1CNY=)	15.44	15.60	15.17	15.35	15.80	15.44	-0.16	-1.0%
Ref. Segment Income : Operating income before deduction of other operating income and expenses								
Segment Income	6.8	23.6	-12.5	-0.4	6.7	-6.3	-29.9	—
<%>	(3.3%)	(3.7%)	(-9.7%)	(-0.2%)	(3.1%)	(-1.2%)		

Operating Income: Factors Behind Change (FY2019 Apr-Dec ⇒ FY2020 Apr-Dec)

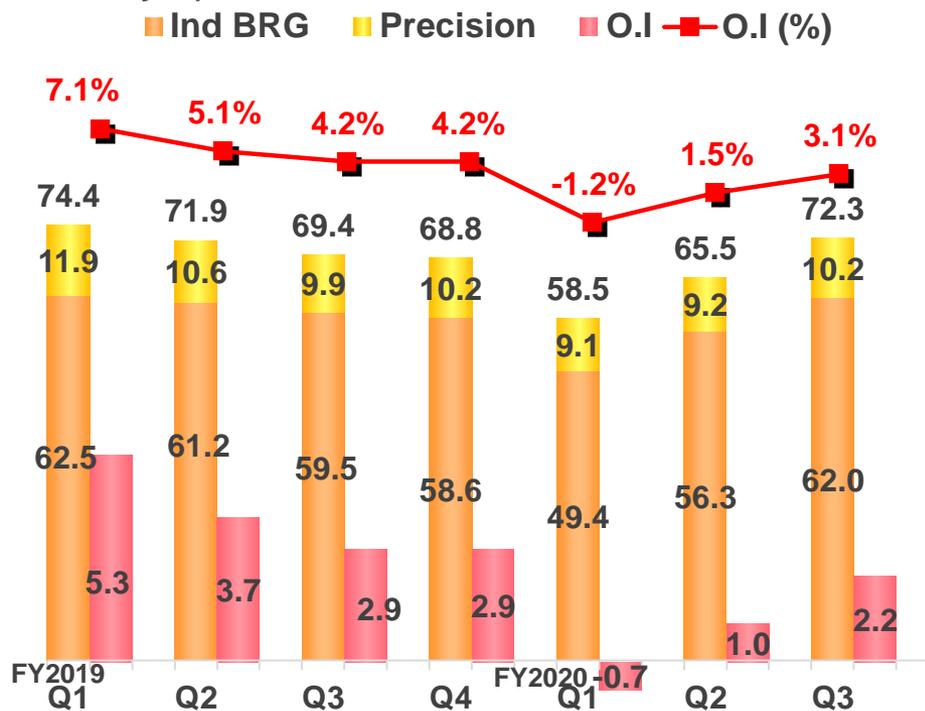
(Billions of yen)



Business Results: Industrial Machinery Business

(Billions of yen)	FY2019 Apr-Dec <Actual>	FY2020 Apr-Dec <Actual>	Increase/ Decrease YOY	Difference YOY
Sales	215.7	196.2	-19.4	-9.0%
Industrial Machinery Bearings	183.2	167.7	-15.5	-8.5%
Precision Machinery and Parts	32.4	28.5	-3.9	-12.1%
Operating income	11.9	2.5	-9.4	—
<%>	(5.5%)	(1.3%)		
(Ex. rate: 1USD=)	108.67	106.11	-2.56	-2.4%
(" 1EUR=)	121.05	122.37	+1.32	+1.1%
(" 1CNY=)	15.60	15.44	-0.16	-1.0%

(Billions of yen)



Due to the establishment of E&E DHQ, part of automotive business operations were transferred to the industrial machinery business. Accordingly, figures for the year ended March 2020 have been reclassified to match current segments.

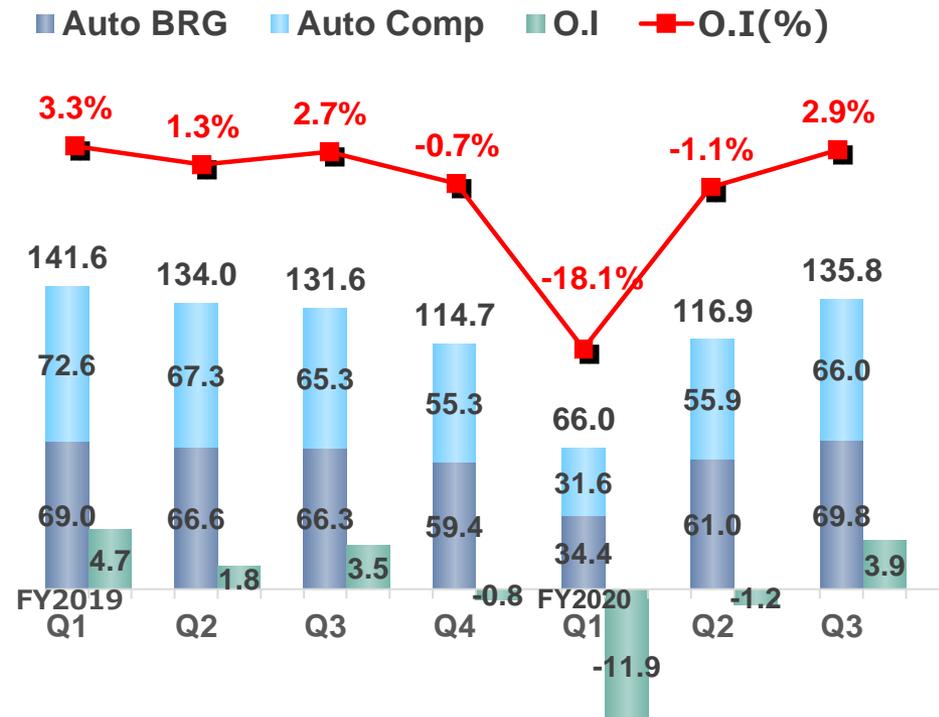
1USD	109.90	107.36	108.75	108.99	107.62	106.22	104.49
1EUR	123.49	119.33	120.33	120.17	118.47	124.11	124.53
1CNY	16.07	15.29	15.44	15.60	15.17	15.35	15.80

- ✓ While sales in Q3 recovered to 1H level of last year, one-off factors pushed down operating income.
- ✓ Robust demand in China. Gradual recovery in other regions including Japan that has lagged behind. Slight decrease in Europe.
- ✓ Infrastructure : Wind power and railcars remained robust. Machine tools : EMS demand increased. Electrical equipment : Home appliances and electrical accessories increased. Semiconductors : Resumed investments, good market condition

Business Results: Automotive Business

(Billions of yen)	FY2019 Apr-Dec <Actual>	FY2020 Apr-Dec <Actual>	Increase/ Decrease YOY	Difference YOY
Sales	407.2	318.6	-88.5	-21.7%
Automotive Bearings	201.9	165.2	-36.8	-18.2%
Automotive Components	205.2	153.5	-51.8	-25.2%
Operating income	10.0	-9.2	-19.2	—
<%>	(2.4%)	(-2.9%)		
(Ex. rate: 1USD=)	108.67	106.11	-2.56	-2.4%
(" 1EUR=)	121.05	122.37	+1.32	+1.1%
(" 1CNY=)	15.60	15.44	-0.16	-1.0%

(Billions of yen)



Due to the establishment of E&E DHQ, part of automotive business operations were transferred to the industrial machinery business. Accordingly, figures for the year ended March 2020 have been reclassified to match current segments.

1USD	109.90	107.36	108.75	108.99	107.62	106.22	104.49
1EUR	123.49	119.33	120.33	120.17	118.47	124.11	124.53
1CNY	16.07	15.29	15.44	15.60	15.17	15.35	15.80

✓ Owing to the automotive market recovery in Japan, the U.S., and Europe, NSK's sales recovery exceeded the market growth.

-Global vehicle production Q3 Apr-Dec YoY -15% → Q3 +1%

-NSK sales Q3 Apr-Dec YoY -22% → Q3 +3%

✓ Operating income became positive thanks to the volume recovery.

Consolidated Business Forecast for the Year Ending March 31, 2021

Revised consolidated business forecast for the full year for FY2020

- ✓ **Global automotive production volume recovered more than expected.**
 Risk Rebound of Covid-19 spread
 Production decrease due to difficulty procuring semiconductors
 Supply chain risk
- ✓ **Industrial machinery business is in line with forecast as planned.**
 Sales of products for electrical accessories: exceeded forecast
- ✓ **Exchange rate assumptions in Q4: USD=¥104, EUR=¥125, CNY=¥15.8**
- ✓ **2nd half dividend (forecast) remains unchanged at ¥10 per share
 (FY20 full year dividend ¥20 per share)**

(Billions of yen)	FY2019	FY2020		
	Full year <Actual>	Apr-Dec <Actual>	Full year <Aug 4th>	Full year <Revision>
Sales	831.0	530.3	720.0	740.0
Operating income <%>	23.6 (2.8%)	-5.0 (-0.9%)	1.0 (0.1%)	4.0 (0.5%)
Income before income taxes	24.1	-4.9	0.5	4.0
Net income attributable to owners of the parent	17.4	-7.9	0	0.5

Achieve both “corporate development” and environmental and social contribution

Condition Monitoring (CMS)

Acquisition of BKV (Brüel & Kjær Vibro)

- ✓ Entry into the condition monitoring system market
- ✓ Brand reputation, high-profile customer base
- ✓ Maximize synergies with NSK business



Bearing for compact motor

Establishment of E&E DHQ (Electrical & Electrification)

Grow in 5G/IoT, and electrification areas
FY26 Sales Target :1.5 times (vs FY19)

- ✓ Promptly develop technologies and deploy products
- ✓ Expand global supply capacity
- ✓ Strengthen quality and cost competitiveness



(Supplementary Information)

Financial Results by Business Segment

(Billions of yen)		FY2019			FY2020						Full year <FCST>
		Q3 <Actual>	Apr-Dec <Actual>	Full year <Actual>	Q3 <Actual>	Increase/ Decrease YOY	Difference YOY	Apr-Dec <Actual>	Increase/ Decrease YOY	Difference YOY	
Total	Sales	206.8	641.6	831.0	214.4	+7.6	+3.7%	530.3	-111.3	-17.3%	740.0
	Operating income	7.0	22.8	23.6	5.7	-1.4	-19.3%	-5.0	-27.8	—	4.0
	<%>	(3.4%)	(3.6%)	(2.8%)	(2.6%)			(-0.9%)			(0.5%)
Industrial Machinery Business	Sales	69.4	215.7	284.4	72.3	+2.8	+4.1%	196.2	-19.4	-9.0%	271.0
	Industrial Machinery Bearings	59.5	183.2	241.8	62.0	+2.6	+4.3%	167.7	-15.5	-8.5%	230.5
	Precision Machinery and Parts	9.9	32.4	42.6	10.2	+0.3	+2.8%	28.5	-3.9	-12.1%	40.5
	Operating income	2.9	11.9	14.7	2.2	-0.7	-23.7%	2.5	-9.4	-78.9%	7.0
	<%>	(4.2%)	(5.5%)	(5.2%)	(3.1%)			(1.3%)			(2.6%)
Automotive Business	Sales	131.6	407.2	521.9	135.8	+4.2	+3.2%	318.6	-88.5	-21.7%	448.0
	Automotive Bearings	66.3	201.9	261.3	69.8	+3.5	+5.2%	165.2	-36.8	-18.2%	232.5
	Automotive Components	65.3	205.2	260.5	66.0	+0.7	+1.1%	153.5	-51.8	-25.2%	215.5
	Operating income	3.5	10.0	9.2	3.9	+0.4	+10.5%	-9.2	-19.2	—	-3.0
	<%>	(2.7%)	(2.4%)	(1.8%)	(2.9%)			(-2.9%)			(-0.7%)
Others	Sales	11.3	36.7	48.7	12.0	+0.8	+6.7%	30.1	-6.7	-18.1%	42.0
	Operating income	0.3	1.5	1.4	0.5	+0.2	+75.4%	0.3	-1.2	-82.0%	-0.2
	<%>	(2.6%)	(4.1%)	(2.8%)	(4.3%)			(0.9%)			(-0.5%)
Eliminations (sales)		-5.5	-18.0	-23.9	-5.6	-0.2	+3.0%	-14.6	+3.3	-18.6%	-21.0
Other operating income and expenses /Adjustments		0.3	-0.6	-1.7	-1.0	-1.3	—	1.5	+2.1	—	0.2

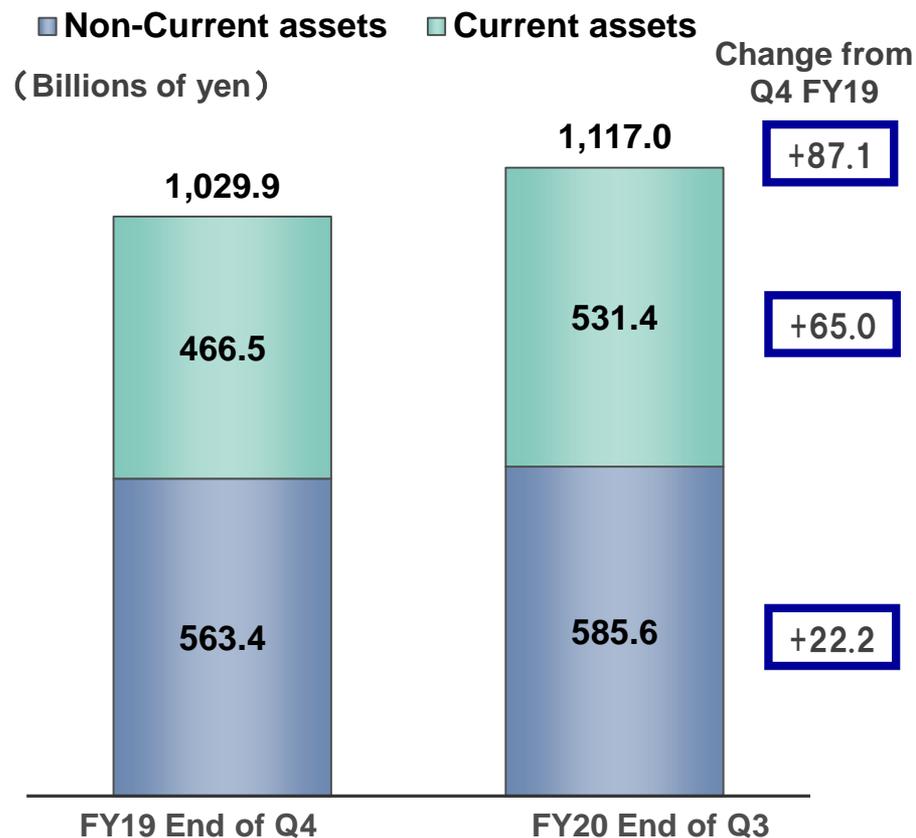
Due to the establishment of E&E DHQ, part of automotive business operations were transferred to the industrial machinery business. Accordingly, figures for the year ended March 2020 have been reclassified to match current segments.

Sales Results by Region

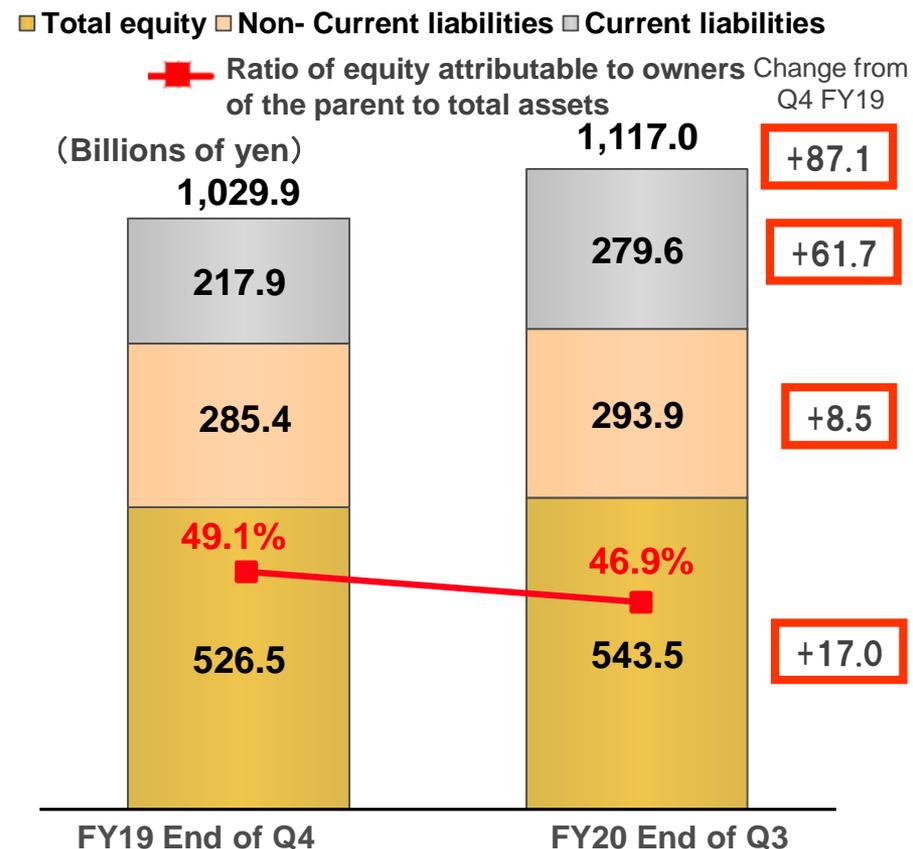
(Billions of yen)	FY2019			FY2020					
	Q3 <Actual>	Apr-Dec <Actual>	Full year <Actual>	Q3 <Actual>	Increase/ Decrease YOY	Difference YOY	Apr-Dec <Actual>	Increase/ Decrease YOY	Difference YOY
Sales	206.8	641.6	831.0	214.4	+7.6	+3.7%	530.3	-111.3	-17.3%
Japan	76.8	238.5	314.3	79.3	+2.5	+3.2%	191.9	-46.6	-19.5%
Non-Japan	130.0	403.1	516.8	135.2	+5.2	+4.0%	338.4	-64.7	-16.1%
<Non-Japan ratio>	<62.9%>	<62.8%>	<62.2%>	<63.0%>			<63.8%>		
The Americas	33.8	108.1	139.2	30.0	-3.8	-11.1%	76.7	-31.3	-29.0%
Europe	25.1	82.0	110.1	27.1	+2.0	+8.0%	65.2	-16.8	-20.5%
China	41.9	122.1	148.5	47.5	+5.6	+13.4%	126.8	+4.7	+3.8%
Other Asia	29.3	90.9	118.9	30.6	+1.3	+4.4%	69.7	-21.2	-23.4%
(Ex. rate:1USD=)	108.75	108.67	108.75	104.49	-4.26	-3.9%	106.11	-2.56	-2.4%
(" 1EUR=)	120.33	121.05	120.83	124.53	+4.20	+3.5%	122.37	+1.32	+1.1%
(" 1CNY=)	15.44	15.60	15.60	15.80	+0.36	+2.3%	15.44	-0.16	-1.0%

Consolidated Balance Sheet

Assets



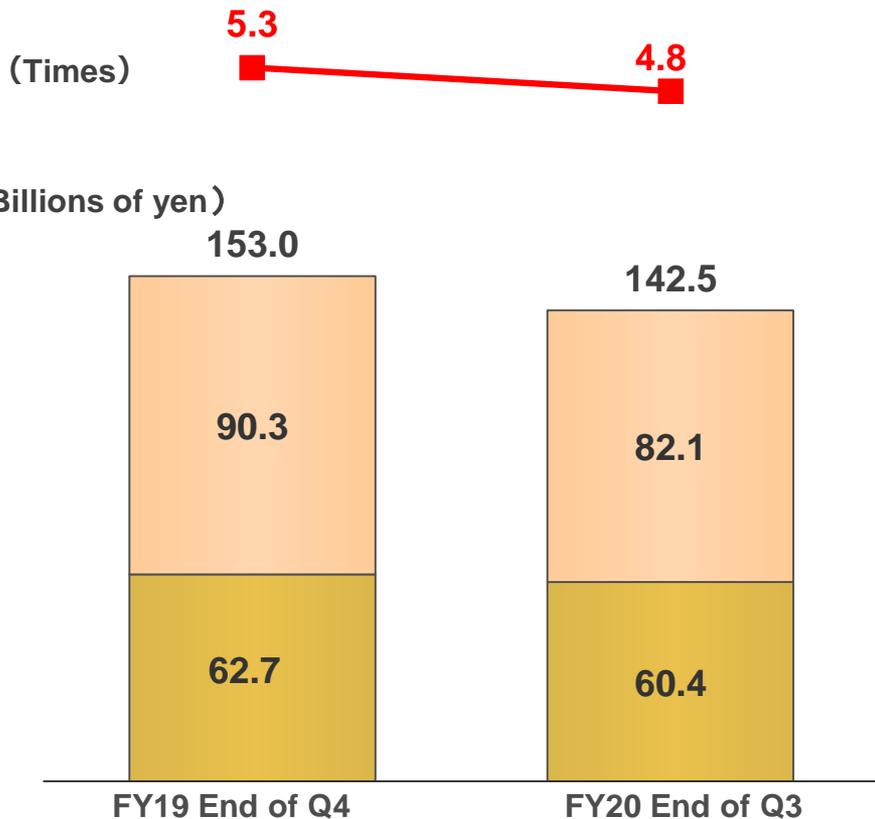
Liabilities / Total equity



Ex. Rate	FY19 End of Q4	FY20 End of Q3
1USD =	108.83	103.52
1EUR =	119.65	126.99
1CNY=	15.30	15.89

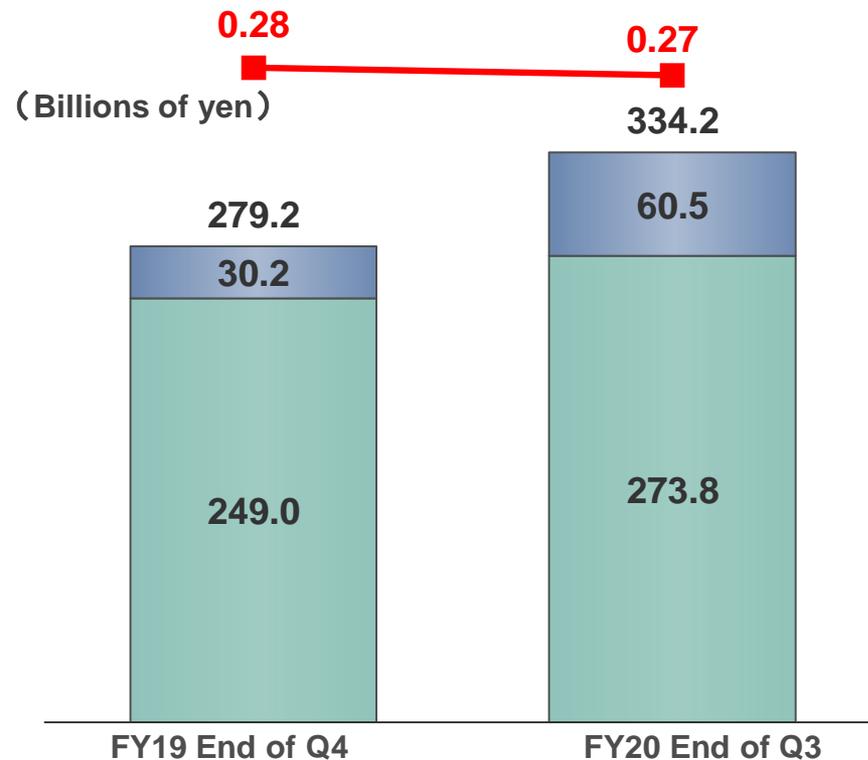
Inventories

■ Japan ■ Non-Japan ■ Inventory turnover



Interest-bearing debt

■ Japan ■ Non-Japan ■ Net D/E ratio



Ex. Rate	FY19 End of Q4	FY20 End of Q3
1USD =	108.83	103.52
1EUR =	119.65	126.99
1CNY=	15.30	15.89

Capital Expenditures, Depreciation and Amortisation, R&D Expenses

(Billions of yen)	FY2019					FY2020			
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Full year (Plan)
Capital Expenditures	10.5	11.1	12.1	21.1	54.9	6.4	7.5	7.5	40.0
Depreciation and Amortisation	13.4	13.4	13.6	13.5	53.9	13.4	13.6	13.6	54.0

(Billions of yen)	FY2019					FY2020			
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Full year (Plan)
R&D Expenses (on a statutory basis)	4.6	4.5	4.6	4.5	18.3	4.0	4.4	4.2	17.0
R&D Expenses (on a managerial basis)	7.9	8.0	7.8	7.7	31.4	7.0	7.2	7.0	30.0

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