

# NSK

## NSK Ltd.

### FINANCIAL CONFERENCE

Consolidated Business Results  
for the First Quarter  
ended June 30, 2022



Change & Go Beyond

## August 3, 2022

#### 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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# Summary of Consolidated Business Results for FY2022 1Q(1)

## Business Environment

- Restriction on economic activities due to China's Zero-Covid policy
- Prolongation of the impact of Ukraine crisis
- Continued inflation of steel prices, ocean freight costs, electricity costs
- Further depreciation of the Japanese yen
- Industrial Machinery Business: demand remained high primarily for sectors such as machine tools and semiconductor manufacturing equipment
- Automotive Business :  
larger than expected impact of supply chain disruption and China's Zero-Covid policy

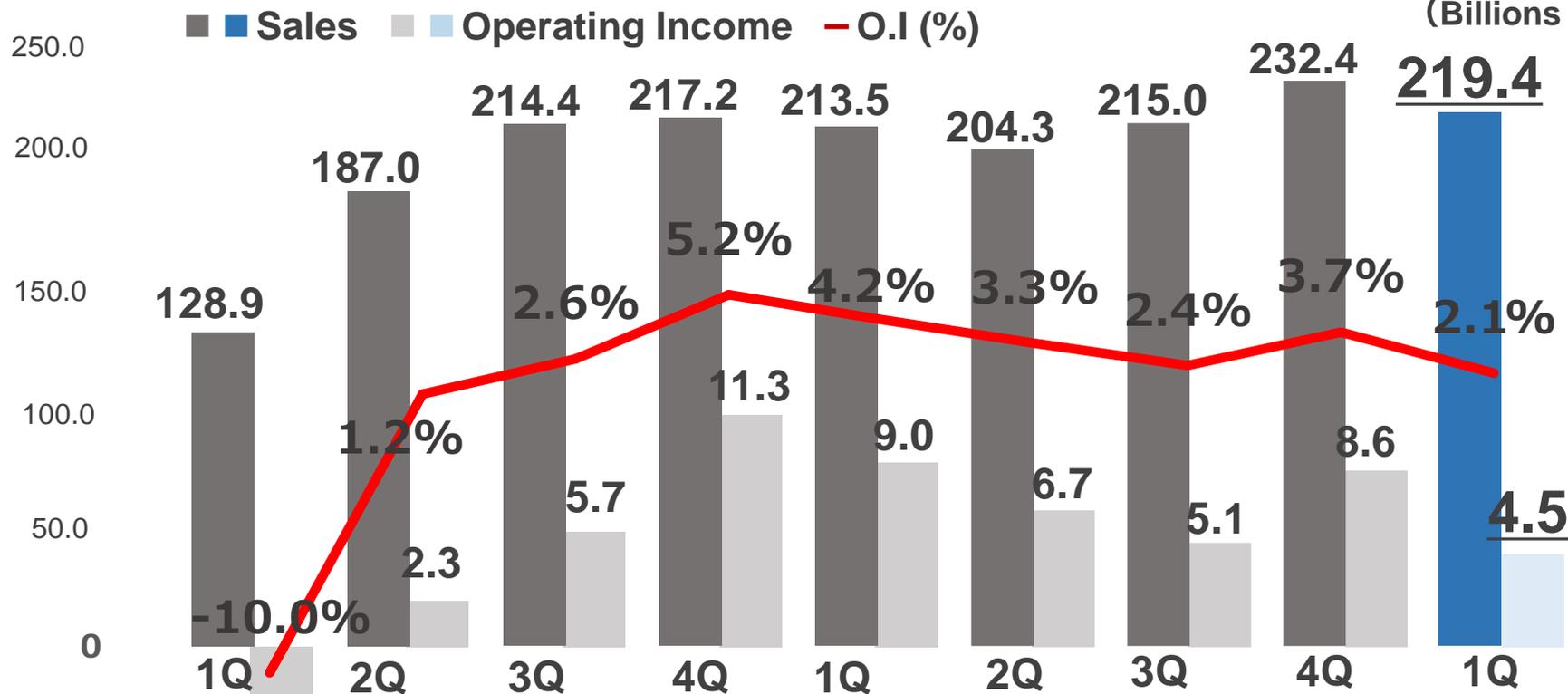
## Summary of Business Results

(Billions of yen)	FY2021	FY2022		YOY		FY2022 FCST
	1Q Actual	1Q Actual	Increase/ Decrease	Effect of exchange rate fluctuations	Difference	As of May
Sales	213.5	219.4	+5.9	(+15.1)	+2.8%	940.0
Segment income *	9.1	4.9	-4.3	(+3.6)	-46.7%	40.5
(%)	(4.3%)	(2.2%)				(4.3%)
Operating income	9.0	4.5	-4.5	(+3.6)	-49.6%	40.0
(%)	(4.2%)	(2.1%)				(4.3%)
Income before income taxes	9.3	4.5	-4.8	—	-51.4%	40.0
Net income attributable to owners of the parent	4.7	1.3	-3.4	—	-72.0%	27.0

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

# Summary of Consolidated Business Results for FY2022 1Q(2)

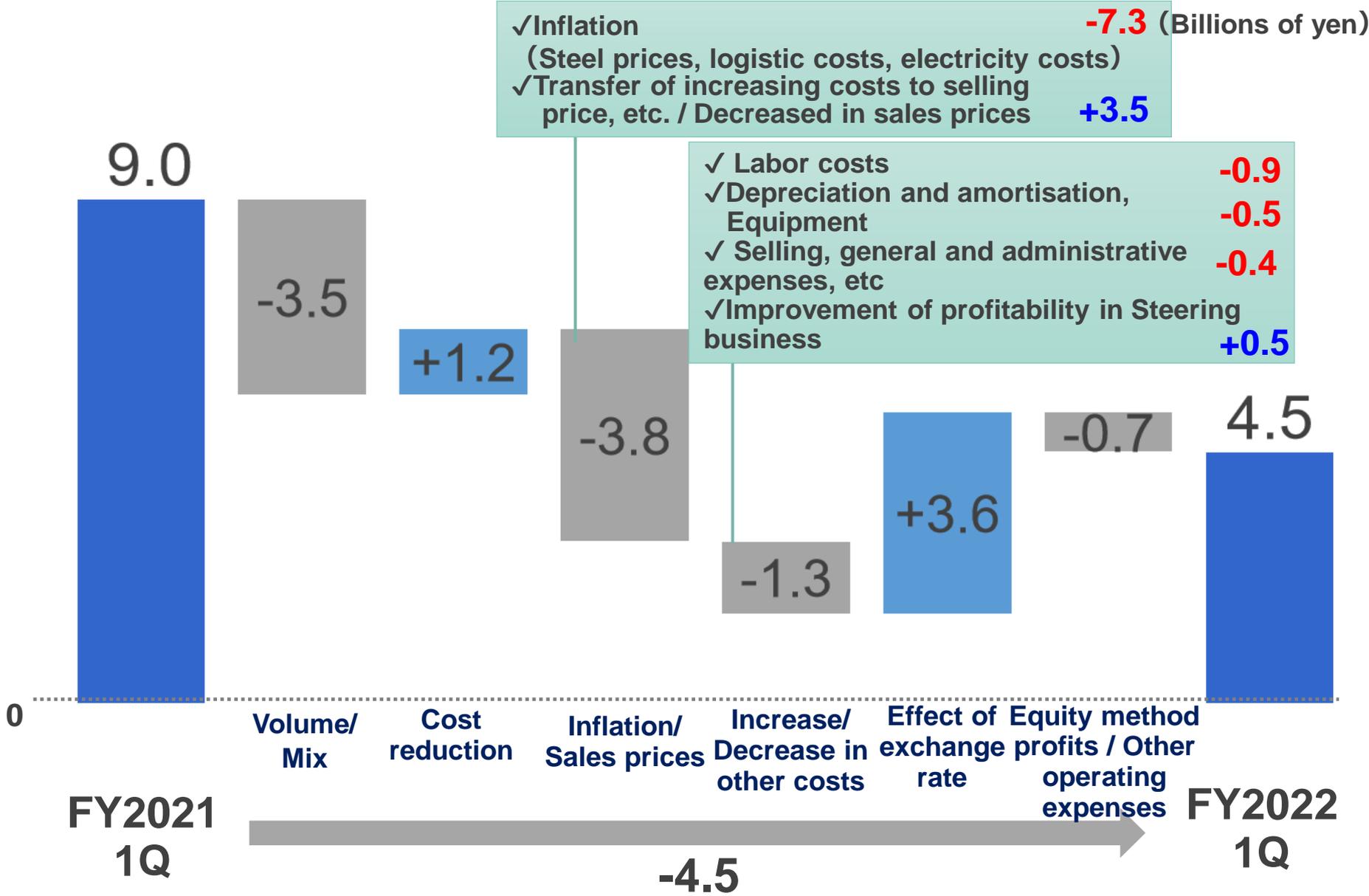
(Billions of yen)



	FY2020				FY2021				FY2022
1USD	107.6	106.2	104.5	105.9	109.5	110.1	113.7	116.2	129.6
1EUR	118.5	124.1	124.5	127.7	132.0	129.8	130.1	130.4	138.1
1CNY	15.2	15.4	15.8	16.4	17.0	17.0	17.8	18.3	19.6

- Both sales and profits decreased compared to 4Q FY2021.  
Sales -13.0 billion Operating income -4.1 billion  
(Effect of exchange rate fluctuations  
Sales +10.6 billion Operating income +2.4 billion)

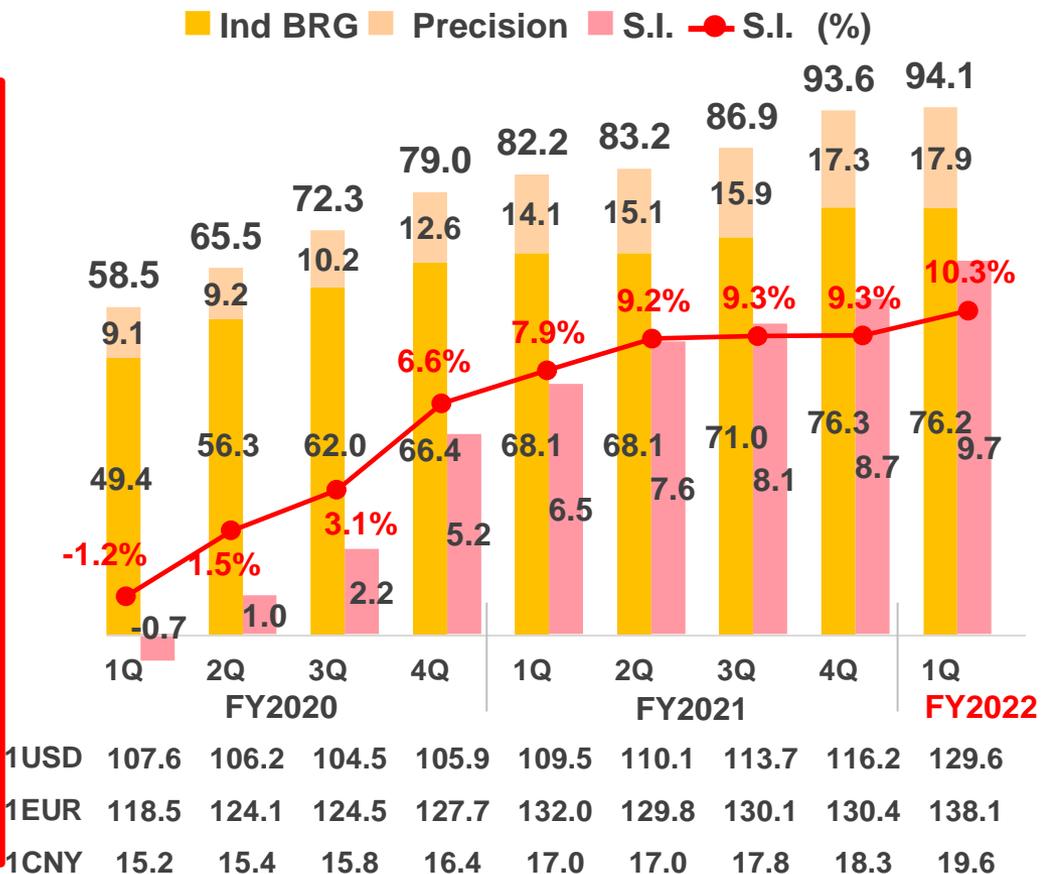
# Operating Income: Factors Behind Change (FY2021 1Q ⇒ FY2022 1Q)



# Industrial Machinery Business

(Billions of yen)

	FY2021 1Q Actual	FY2022 1Q Actual	Increase/ Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY
<b>Sales</b>	<b>82.2</b>	<b>94.1</b>	<b>+11.9</b> (+6.7)	<b>+14.5%</b>
Industrial Machinery	68.1	76.2	+8.1	+11.9%
Bearings				
Precision Machinery and Parts	14.1	17.9	+3.8	+27.1%
<b>Segment income</b>	<b>6.5</b>	<b>9.7</b>	<b>+3.2</b>	<b>+48.4%</b>
(%)	(7.9%)	(10.3%)		
(Ex. rate: 1USD=)	109.5	129.6	+20.1	+18.3%
( " 1EUR=)	132.0	138.1	+6.2	+4.7%
( " 1CNY=)	17.0	19.6	+2.6	+15.4%



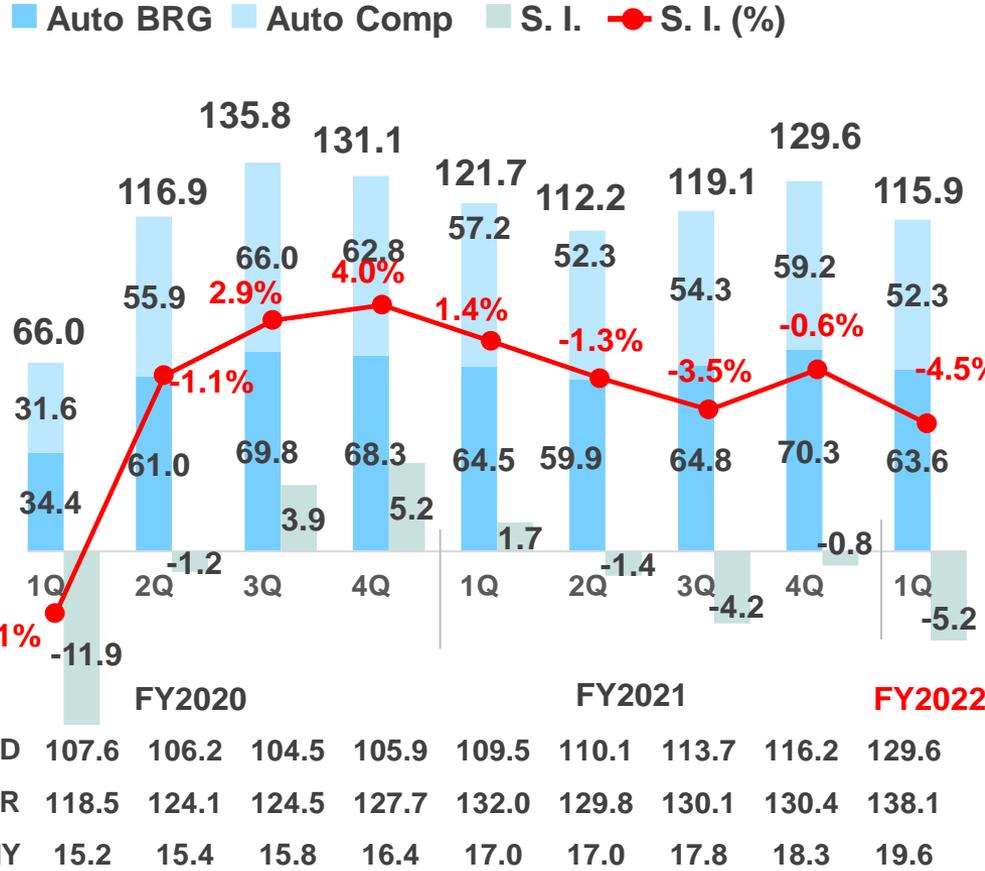
● Both sales and profits continued to increase in spite of the impact of China's Zero-Covid policy. Profit margin reached 10%.

- Machine tools and semiconductor manufacturing equipment: Demand remained high
- E&E: Sales decreased due to the impact of China's Zero-Covid policy
- AM: Sales increased mainly for the Americas

# Automotive Business

(Billions of yen)

	FY2021 1Q Actual	FY2022 1Q Actual	Increase/ Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY
<b>Sales</b>	<b>121.7</b>	<b>115.9</b>	<b>-5.8</b> (+8.1)	<b>-4.8%</b>
Automotive Bearings	64.5	63.6	-1.0	-1.5%
Automotive Components	57.2	52.3	-4.8	-8.5%
<b>Segment income</b>	<b>1.7</b>	<b>-5.2</b>	<b>-6.9</b>	<b>—</b>
(%)	(1.4%)	(-4.5%)		
(Ex. rate: 1USD=)	109.5	129.6	+20.1	+18.3%
( " 1EUR=)	132.0	138.1	+6.2	+4.7%
( " 1CNY=)	17.0	19.6	+2.6	+15.4%



- Global automotive production volume 1Q: 17 million\* YOY -11%
- Both sales and profits decreased YoY and QoQ . Profits continued to be in red. This is because of Ukraine crisis, prolonged parts shortage including semiconductors, and cost increases caused by inflation.

\* Based on our research

# Risk and management tasks for FY2023

✓ The forecast and the dividend plan announced on May 10th, 2022 remain unchanged

>>Sales: 940.0 billion Operating Income: 40.0 billion >> Dividend: ¥30 per share

## ✓ Possible risks

1. Prolonged supply chain disruptions
2. Risk of global economic slowdown
3. Inflation exceeding expectations

## ✓ Promote management tasks

1. Additional negotiation against assumed further inflation with customers
2. Inventory reduction and agile production control
3. Industrial Machinery Business:  
Strengthen supply capability and improve productivity
4. Automotive Business:  
Promote structural reforms of steering business
5. Launch program for developing digital human resources  
to promote DX

# Supplementary Information : Financial Results by Business Segment

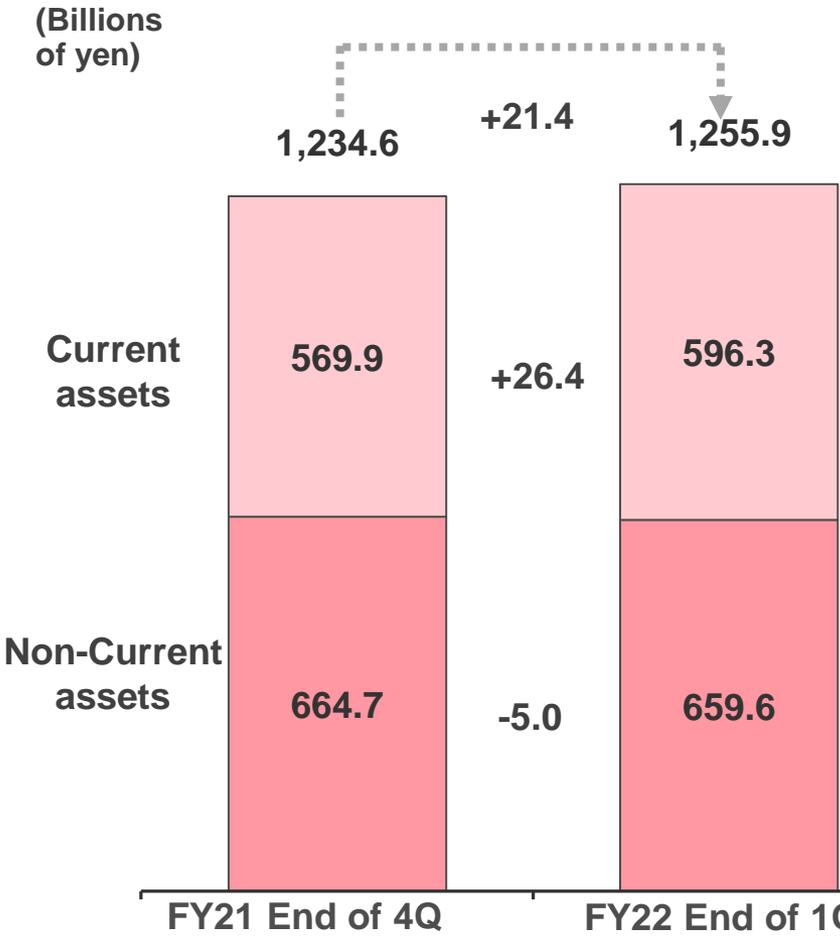
		(Billions of yen)	FY2021	FY2022	YoY		FY2022 FCST		
					1Q	1Q	Increase/ Decrease	Difference	1st half
<b>Total</b>	<b>Sales</b>		213.5	219.4	+5.9	+2.8%	450.0	490.0	940.0
	Segment Income		9.1	4.9	-4.3	-46.7%	11.5	29.0	40.5
	(%)		(4.3%)	(2.2%)			(2.6%)	(5.9%)	(4.3%)
	Operating income		9.0	4.5	-4.5	-49.6%	11.0	29.0	40.0
	(%)		(4.2%)	(2.1%)			(2.4%)	(5.9%)	(4.3%)
<b>Industrial Machinery Business</b>	<b>Sales</b>		82.2	94.1	+11.9	+14.5%	181.5	198.5	380.0
	Industrial Machinery Bearings		68.1	76.2	+8.1	+11.9%	147.0	161.0	308.0
	Precision Machinery and Parts		14.1	17.9	+3.8	+27.1%	34.5	37.5	72.0
	Segment Income		6.5	9.7	+3.2	+48.4%	15.5	22.5	38.0
	(%)		(7.9%)	(10.3%)			(8.5%)	(11.3%)	(10.0%)
<b>Automotive Business</b>	<b>Sales</b>		+121.7	+115.9	-5.8	-4.8%	248.5	272.5	521.0
	Automotive Bearings		+64.5	+63.6	-1.0	-1.5%	138.5	156.5	295.0
	Automotive Components		+57.2	+52.3	-4.8	-8.5%	110.0	116.0	226.0
	Segment Income		+1.7	-5.2	-6.9	—	-5.0	5.0	0
	(%)		(1.4%)	(-4.5%)			(-2.0%)	(1.8%)	(0.0%)
<b>Others</b>	<b>Sales</b>		+15.2	+15.9	+0.7	+4.9%	34.0	34.5	68.5
	Operating income		+0.9	+0.3	-0.5	-60.2%	1.0	1.5	2.5
	(%)		(5.7%)	(2.2%)			(2.9%)	(4.3%)	(3.6%)
<b>Eliminations (sales)</b>			-5.6	-6.5	-0.9	—	-14.0	-15.5	-29.5
<b>Other operating income and expenses /Adjustments</b>			-0.1	-0.3	-0.2	—	-0.5	-	-0.5

# Supplementary Information : Sales by Customer Location

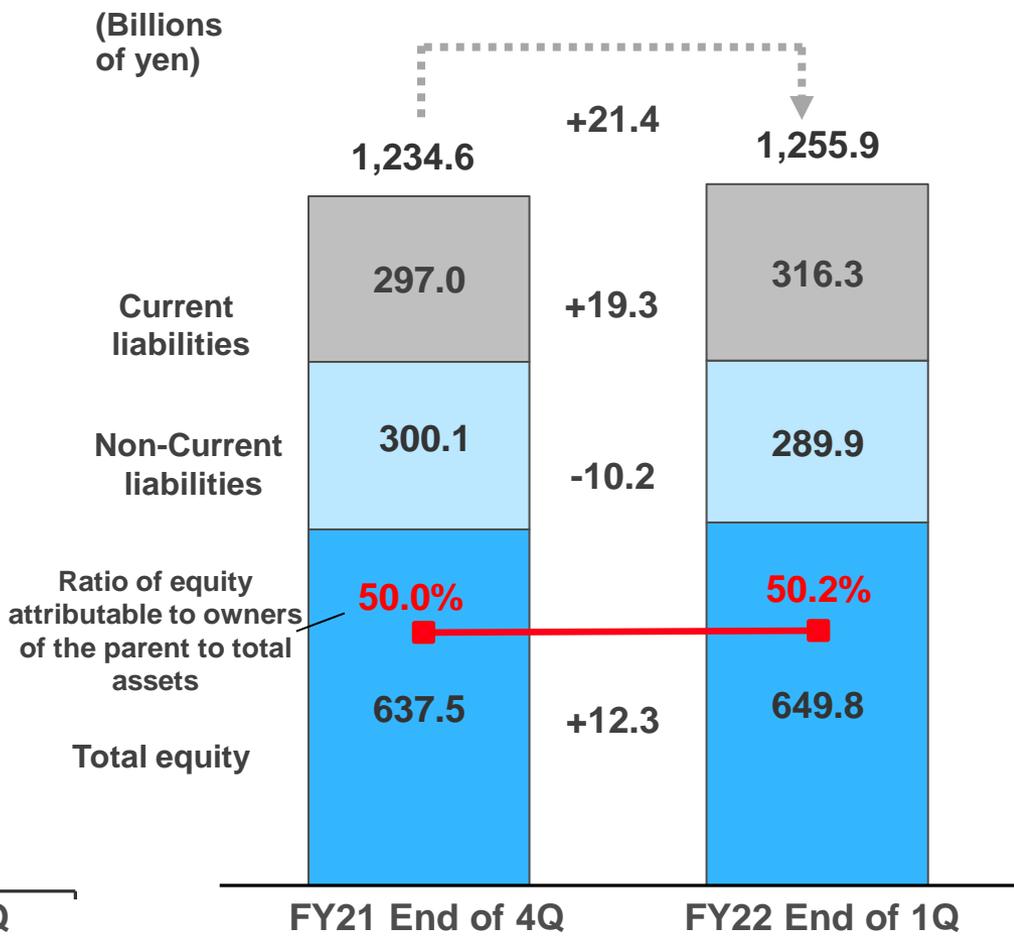
(Billions of yen)	FY2021	FY2022	YOY	
	1Q Actual	1Q Actual	Increase/ Decrease	Difference
<b>Sales</b>	<b>213.5</b>	<b>219.4</b>	<b>+5.9</b>	<b>+2.8%</b>
<b>Japan</b>	<b>80.2</b>	<b>74.1</b>	<b>-6.1</b>	<b>-7.6%</b>
<b>Non-Japan</b>	<b>133.2</b>	<b>145.3</b>	<b>+12.0</b>	<b>+9.0%</b>
(Non-Japan Ratio)	(62.4%)	(66.2%)		
<b>The Americas</b>	<b>30.6</b>	<b>37.5</b>	<b>+6.9</b>	<b>+22.5%</b>
<b>Europe</b>	<b>27.7</b>	<b>30.6</b>	<b>+2.9</b>	<b>+10.5%</b>
<b>China</b>	<b>44.1</b>	<b>41.9</b>	<b>-2.2</b>	<b>-5.1%</b>
<b>Other Asia</b>	<b>30.8</b>	<b>35.2</b>	<b>+4.5</b>	<b>+14.5%</b>
Ex. Rate				
<b>1USD</b>	<b>109.5</b>	<b>129.6</b>	<b>+20.1</b>	<b>+18.3%</b>
<b>1EUR</b>	<b>132.0</b>	<b>138.1</b>	<b>+6.2</b>	<b>+4.7%</b>
<b>1CNY</b>	<b>17.0</b>	<b>19.6</b>	<b>+2.6</b>	<b>+15.4%</b>

# Supplementary Information: Consolidated Balance Sheet

## Assets



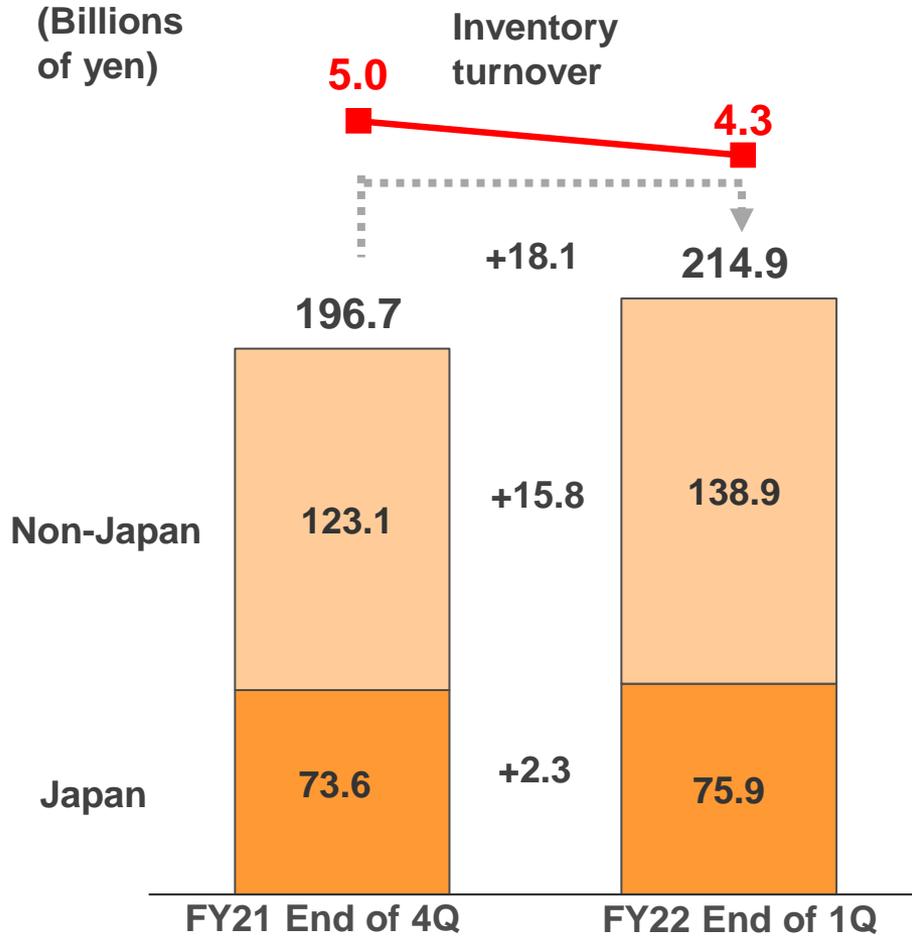
## Liabilities / Total equity



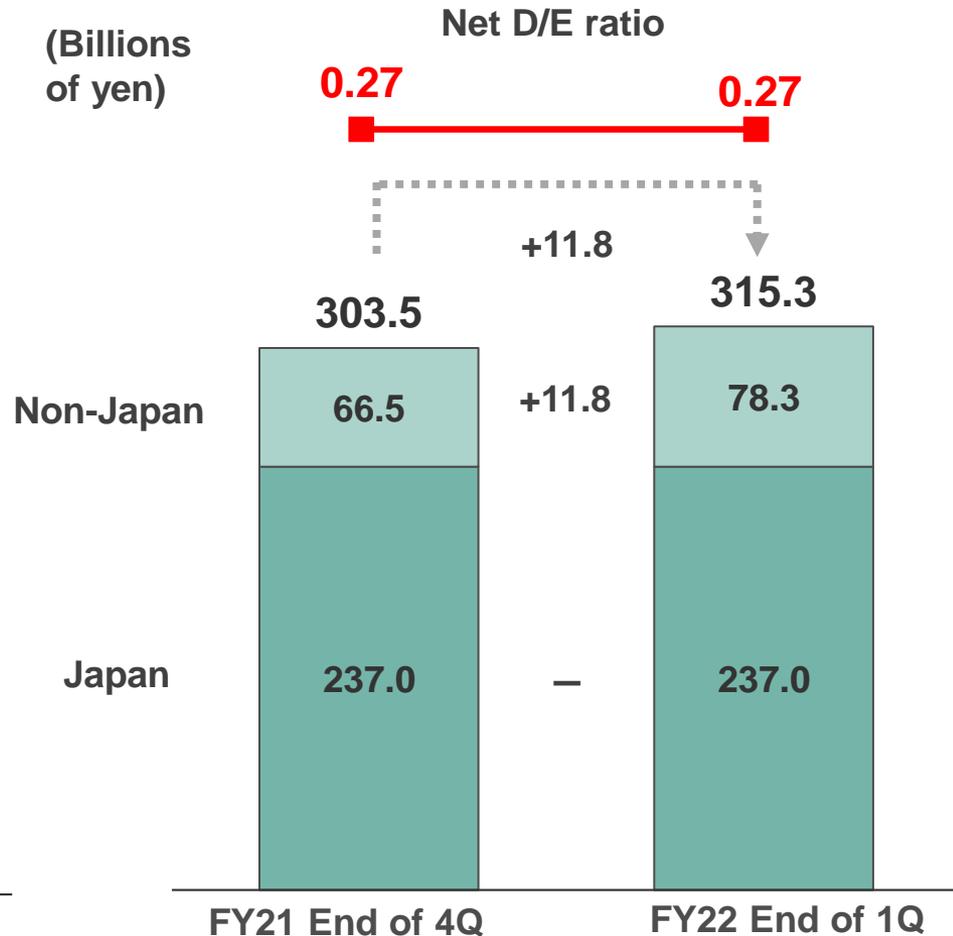
Ex. Rate	FY21 End of 4Q	FY22 End of 1Q
1USD	122.4	136.7
1EUR	136.8	142.7
Ex. Rate	19.3	20.4

# Supplementary Information: Inventories / Interest-Bearing Debt

## Inventories



## Interest-bearing debt



Ex. Rate	FY21 End of 4Q	FY22 End of 1Q
1USD	122.4	136.7
1EUR	136.8	142.7
Ex. Rate	19.3	20.4

# Supplementary Information : Capital Expenditures, Depreciation and Amortisation, R&D Expenses

(Billions of yen)	FY2021	FY2022	
	Full year Actual	1Q Actual	Full year FCST
Capital Expenditures	52.3	9.2	70.0
Capital Expenditures (excluding lease)	44.5	7.7	70.0
Depreciation and Amortisation	56.6	14.3	57.0
Depreciation and Amortisation (excluding lease)	51.8	13.0	52.0
R&D Expenses (on a statutory basis)	19.2	4.5	20.0
(Ref.) R&D Expenses (on a managerial basis)	30.8	7.4	32.0



## Mission Statement

NSK contributes to a safer, smoother society and helps protect the global environment through its innovative technology integrating Motion & Control™. As a truly international enterprise, we are working across national boundaries to improve relationships between people throughout the world.

## NSK Vision 2026

### SETTING THE FUTURE IN MOTION

We bring motion to life,  
to enrich lifestyles,  
and to build a brighter future.

Dedicated to uncovering society's needs,  
we set ideas in motion,  
to deliver solutions beyond imagination.

We're NSK.  
And, we're setting the future in motion.