

# NSK Ltd.

For Immediate Release

May 9, 2019

## CONSOLIDATED RESULTS FOR THE YEAR ENDED MARCH 31, 2019 (Unaudited) [IFRS]

Company name	NSK Ltd.
Stock exchange on which the shares are listed	Tokyo Stock Exchange in Japan
Code number	6471
URL	http://www.nsk.com/
Representative	Toshihiro Uchiyama, President and CEO
Contact person	Keita Suzuki, Vice President
Date of the ordinary general shareholders' meeting	June 25, 2019
Payment date of cash dividends	June 06, 2019
Filing date of securities report	June 25, 2019

(Figures are rounded down to the nearest million yen)

### 1. Consolidated financial highlights for the year ended March 31, 2019

#### (1) Consolidated financial results

(% indicates changes from the previous year)

	Sales		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2019	991,365	-2.8	79,279	-19.0	79,229	-18.5	58,738	-19.7	55,809	-19.5	43,794	-54.7
Year ended Mar. 31, 2018	1,020,338	7.5	97,875	49.8	97,248	52.9	73,160	49.3	69,312	52.1	96,667	111.7

	Basic earnings per share	Diluted earnings per share	Return on equity (ROE)	Income before income taxes / Total assets	Operating income margin
	Yen	Yen	%	%	%
Year ended Mar. 31, 2019	107.46	107.24	10.4	7.3	8.0
Year ended Mar. 31, 2018	131.16	130.96	13.9	9.1	9.6

(Note) Share of profits of investments accounted for using the equity method Year ended Mar. 31, 2019 5,493 million yen Year ended Mar. 31, 2018 6,448 million yen

(Note) Basic earnings per share and diluted earnings per share are calculated based on the net income attributable to owners of the parent.

#### (2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity per share attributable to owners of the parent
	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
As of Mar. 31, 2019	1,086,456	560,400	536,676	49.4	1,048.18
As of Mar. 31, 2018	1,092,310	561,014	537,175	49.2	1,016.30

#### (3) Consolidated results of cash flow

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at the end of the period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended Mar. 31, 2019	92,617	-72,673	-20,477	129,965
Year ended Mar. 31, 2018	83,746	-53,001	-39,804	131,283

### 2. Cash dividends

	Cash dividends per share					Total dividend (Full-year)	Dividend payout ratio (Consolidated)	Dividend on equity (DOE) (Consolidated)
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year-end	Full-year total			
Year ended Mar. 31, 2018	—	Yen 19.00	—	Yen 21.00	Yen 40.00	Millions of Yen 21,245	% 30.5	% 4.2
Year ended Mar. 31, 2019	—	20.00	—	20.00	40.00	20,737	37.2	3.9
Year ending Mar. 31, 2020 (Forecast)	—	20.00	—	20.00	40.00		45.5	

### 3. Forecast of consolidated results for the year ending March 31, 2020

(% indicates changes from the previous year)

	Sales		Operating income		Income before income taxes		Net income attributable to owners of the parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Six months ending Sep. 30, 2019	464,000	-8.9	25,000	-44.4	25,000	-44.6	19,000	-38.6	37.11
Year ending Mar. 31, 2020	945,000	-4.7	63,000	-20.5	62,500	-21.1	45,000	-19.4	87.89

#### Others

- (1) Changes in the significant subsidiaries during the period (Changes in specified subsidiaries resulting in change in the scope of consolidation): Yes  
Two exclusions. (NSK Bearings Manufacturing India Private Limited, NSK Overseas Holdings Co., Ltd.)  
(Note) NSK India Sales Company Private Limited (current NSK Bearings India Private Limited) absorbed NSK Bearings Manufacturing India Private Limited, a specified subsidiary, on June 1, 2018. As a result, NSK Bearings Manufacturing India Private Limited was dissolved.  
NSK Ltd. absorbed NSK Overseas Holdings Co., Ltd., a specified subsidiary, on March 1, 2019. As a result, NSK Overseas Holdings Co., Ltd. was dissolved.
- (2) Changes in accounting policies, or changes in accounting estimates  
(i) Changes in accounting policies required by IFRS: Yes  
(ii) Changes excluding the above: None  
(iii) Changes in accounting estimates: None  
(Note) For further details, please refer to "Consolidated financial statements and notes (5) Notes to consolidated financial statements (Changes in accounting policies)" on page 13 of this summary of financial results.
- (3) Number of shares issued and outstanding (common stock)  
(i) Number of shares issued and outstanding at the end of each period (including treasury stock):  
As of Mar. 31, 2019 551,268,104 shares As of Mar. 31, 2018 551,268,104 shares  
(ii) Number of treasury stock at the end of each period:  
As of Mar. 31, 2019 39,262,010 shares As of Mar. 31, 2018 22,707,846 shares  
(iii) Average number of shares issued and outstanding in each period:  
Year ended Mar. 31, 2019 519,350,336 shares Year ended Mar. 31, 2018 528,456,757 shares

#### (Reference)

##### 1. Non-consolidated financial highlights for the year ended March 31, 2019

###### (1) Non-consolidated financial results

(% indicates changes from the previous year)

	Sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2019	493,524	-1.4	3,899	-57.6	28,726	-23.0	28,284	-25.1
Year ended Mar. 31, 2018	500,535	11.1	9,198	—	37,328	546.5	37,751	146.6

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
Year ended Mar. 31, 2019	54.41	—
Year ended Mar. 31, 2018	71.09	71.08

The Company reported "Antimonopoly Act related loss" under "Extraordinary loss" in the year ended March 31, 2018. However, as the importance of this component has declined, related expenses have been included in "Non-operating expenses - Others" from the year ended March 31, 2019. Accordingly, "Ordinary income" for the year ended March 31, 2018 has also been adjusted.

###### (2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of Mar. 31, 2019	691,132	262,221	37.8	510.36
As of Mar. 31, 2018	708,468	282,549	39.8	530.61

(Note) Equity capital As of Mar. 31, 2019 261,540 million yen As of Mar. 31, 2018 281,854 million yen

(Note) Figures for non-consolidated financial highlights were formulated based on Japanese GAAP.

The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 6, 2018)" from the year ended March 31, 2019. Accordingly, this change has been adopted retrospectively to figures in "Non-consolidated financial position" for the year ended March 31, 2018.

(Note) This summary of financial results is not subject to audit procedures by a certified public accountant or accounting auditor.

#### Cautionary statement with respect to forward-looking statements

The forecasts in this document are based on currently available information, and actual results may materially differ from any future results expressed herein due to various factors.

Please refer to page 6: "Business Forecast" for the assumptions and preconditions on which the forecast has been based.

## 1. Business overview

### (1) Qualitative information regarding consolidated business results

NSK celebrated its 100th anniversary on November 8, 2016. In order to realize NSK's Mission Statement, NSK has established NSK Vision 2026 (Setting the Future in Motion), an overarching vision of the type of company it aims to become in the 10 years following its 100th anniversary. Based on NSK Vision 2026, the NSK Group implemented its 5th Mid-Term Management Plan, spanning the three years beginning April 2016. Under the slogan "embark on new chapter in evolution towards next 100 years" and comprising two key policies of "operational excellence" and "innovate and challenge," we addressed three main management tasks: achieving sustainable growth, reconstructing our profit base, and establishing new growth fields.

Looking at global economic conditions during the year ended March 31, 2019, the Japanese economy continued its gradual growth due to solid capital expenditure and a favorable employment environment. However, this expansion lacked strength due to the impact of a slowdown in the overseas economy during the second half of the fiscal year under review. In the US, economic growth continued due to increases in capital expenditure and individual consumption, although signs of a slowdown have recently begun to emerge. In Europe, although consumer spending remained strong in the Eurozone, economic growth slowed due to confusion surrounding the UK's withdrawal from the European Union as well as a decrease in vehicle production due to new exhaust gas emission testing methods (WLTP). In China, economic growth slowed against the backdrop of increased trade friction with the US, with weaker capital expenditure and consumer spending, and vehicle production volume falling below the previous year's level. In other Asian countries, economic growth slowed, reflecting the weakness in the global economy.

In this economic environment, consolidated sales for the year ended March 31, 2019 totaled ¥991,365 million, a year-on-year decrease of 2.8%, and operating income totaled ¥79,279 million, a year-on-year decrease of 19.0%. Income before income taxes was ¥79,229 million, a year-on-year decrease of 18.5%. Net income attributable to owners of the parent was ¥55,809 million, a year-on-year decrease of 19.5%.

### Business segment information

#### 1) Industrial Machinery Business segment

Overall sales in the industrial machinery business increased year on year as strong demand for the Company's products continued through to the end of the first half of the fiscal year due to increased capital expenditure related to IoT, automation, and labor-saving. Although demand shifted to an adjustment phase in the second half against the backdrop of a sluggish smartphone market as well as slowdown in Chinese economy, the Company was able to secure a year-on-year increase in full-year sales in the industrial machinery business.

Looking at the segment's results by geographic breakdown, sales in Japan increased, primarily in the aftermarket sector, despite the negative impact of a slowdown in the smartphone-related market. In the Americas, despite strong demand from sectors including medical equipment, sales declined due to depreciation of emerging countries' currencies, including the Brazilian real. Sales in Europe decreased due to a decline in the electrical sector, including home appliances, although sales in the wind power sector rose. In China, sales grew due to an increase in the aftermarket, wind power and machine tool sectors, despite weaker sales in the electrical sector, including electric tools and motors. In other Asian countries sales increased, primarily in India.

As a result, sales in the industrial machinery business totaled ¥269,974 million, a year-on-year increase of 1.4%. Operating income was ¥32,887 million, a year-on-year increase of 16.1%.

## **2) Automotive Business segment**

Despite an increase in sales of products for the automatic transmission (AT) systems and needle bearings, overall sales in the automotive business declined year on year due to lower sales of electric power steering (EPS) systems resulting from vehicle model changes as well as a slowdown in the Chinese and European automotive markets.

Looking at the segment's results by geographic breakdown, sales in Japan decreased due to lower sales in the EPS business despite robust sales of products for AT systems. In the Americas, sales increased mainly due to solid sales of products for AT systems. In Europe, sales decreased due to lower vehicle production stemming from new exhaust gas emission testing methods (WLTP). Sales in China decreased due to a reactionary decline from special tax incentives for compact cars which ended last year, as well as lower EPS sales. In other Asian countries, overall sales decreased due to the impact of exchange rate fluctuations, although sales in India increased.

As a result, sales in the automotive business totaled ¥689,658 million, a year-on-year decrease of 4.7%. Operating income totaled ¥44,949 million, a year-on-year decrease of 31.9%.

## **(2) Qualitative information regarding consolidated financial position**

### **Assets and liabilities**

Total assets were ¥1,086,456 million, a decrease of ¥5,854 million compared to total assets as of March 31, 2018. The main reasons for this were decreases of ¥21,912 million in trade receivables and other receivables and ¥16,608 million in other financial assets (non-current), which offset an increase of ¥26,458 million in property, plant and equipment.

Total liabilities were ¥526,055 million, a decrease of ¥5,240 million compared to total liabilities as of March 31, 2018. The main reason for this was a decrease of ¥11,463 million in trade payables and other payables.

### **Total equity**

Total equity totaled ¥560,400 million, a decrease of ¥613 million compared to total equity as of March 31, 2018. The main reasons for this decrease were ¥21,514 million in cash dividends from retained earnings, ¥19,963 million in treasury shares and ¥18,558 million in other components of equity, which offset ¥55,809 million in net income attributable to owners of the parent.

## **(3) Qualitative information regarding cash flows**

Total cash and cash equivalents at the end of the period under review were ¥129,965 million, a decrease of ¥1,318 million compared to total cash and cash equivalents as of March 31, 2018.

### **1) Net cash flow provided by operating activities**

Net cash flow provided by operating activities totaled ¥92,617 million, an increase of ¥8,870 million, compared to the previous year. The main cash inflows were ¥79,229 million in income before income taxes, ¥48,801 million in depreciation and amortisation, and ¥18,602 million in decrease in trade receivables. Meanwhile, the main outflows were ¥17,859 million in increase in inventories, ¥10,856 million in decrease in trade payables and ¥24,149 million in income tax paid.

### **2) Net cash flow used in investing activities**

Net cash flow used in investing activities totaled ¥72,673 million, an increase of ¥19,671 million compared to the previous year. Net cash flow used in investing activities includes ¥73,379 million in purchases of property, plant and equipment.

### **3) Net cash flow used in financing activities**

Net cash flow used in financing activities totaled ¥20,477 million, a decrease of ¥19,327 million compared to the previous year. The main cash inflows were ¥34,333 million in proceeds from long-term loans and ¥40,000 million in proceeds from issuance of corporate bonds. Meanwhile, the main outflows were ¥46,809 million in repayments of long-term loans, ¥20,044 million in acquisition of treasury shares and ¥21,495 million in dividends paid.

#### (4) Business forecast

Regarding the business environment for the year ending March 31, 2020, downward risks to the global economy remain due to ongoing uncertainties including trade friction between the US and China and the UK's withdrawal from the European Union. Given such circumstances, the recent uncertainty surrounding demand trends in both the industrial machinery and automotive businesses is expected to continue. Moreover, as the EPS business is expected to decline due to vehicle model changes, NSK forecasts a challenging business environment in the year ending March 31, 2020.

	<u>Year ending Mar. 31, 2020</u>	(Changes from the previous year)
<b>Consolidated financial highlights</b>		
<b>(IFRS)</b>		
Sales	¥ 945,000 million	(-4.7%)
Operating income	63,000	(-20.5%)
Income before income taxes	62,500	(-21.1%)
Net income attributable to owners of the parent	45,000	(-19.4%)

\*Exchange rate forecast for the year ending March 31, 2020:

U.S.\$1=¥110, 1€=¥125

\*For business forecast by segment, please refer to page 18: "Supplementary material regarding consolidated results for the year ended March 31, 2019."

#### Notes

All forecasts are based on a number of assumptions regarding business environment and policies, and are subject to change with various factors. Actual financial results may differ materially and NSK accepts no liability whatsoever for any direct or consequential loss arising from any use of this report.

#### (5) Basic policy on appropriation of retained earnings and dividends

NSK places great importance on shareholder returns. Our basic dividend policy is to provide dividends to our shareholders on an ongoing basis. Specifically, we aim to pay a per-share dividend, maintaining a dividend payout ratio of approximately 30% on a consolidated basis, while taking into account financial situation.

The year-end dividends for the fiscal year ended March 31, 2019 will be ¥20.00 per share. The dividends for the first half of the year, paid on December 3, 2018, was ¥20.00 per share. Accordingly, the full year dividends for the fiscal year ended March 31, 2019 will be ¥40.00 per share, the same amount as the full year dividends for the fiscal year ended March 31, 2018.

Dividends for the year ending March 31, 2020 are planned to be ¥40.00 per share (¥20.00 per share for the first half of the year).

#### 2. Basic stance on selection of accounting standards

Beginning with the consolidated financial statements in the Annual Securities Report for the year ended March 2016, NSK has adopted International Financial Reporting Standards (IFRS) in order to improve management efficiency through standardization of the group's financial reporting and enhance comparability of financial information across international capital markets.

### 3. Consolidated financial statements and notes

#### (1) Consolidated statements of financial position

(Millions of yen)

	As of Mar.31, 2018	As of Mar.31, 2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	131,283	129,965
Trade receivables and other receivables	217,200	195,288
Inventories	143,052	159,517
Other financial assets	1,953	1,696
Income tax receivables	1,006	3,502
Other current assets	16,848	17,648
Total current assets	511,346	507,618
Non-current assets		
Property, plant and equipment	351,875	378,333
Intangible assets	18,191	19,550
Investments accounted for using equity method	27,168	27,613
Other financial assets	96,543	79,934
Deferred tax assets	18,931	9,633
Net defined benefit assets	64,171	59,406
Other non-current assets	4,082	4,364
Total non-current assets	580,964	578,837
<b>Total assets</b>	<b>1,092,310</b>	<b>1,086,456</b>
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Trade payables and other payables	141,797	130,333
Other financial liabilities	109,168	101,145
Provisions	66	85
Income tax payables	6,123	4,004
Other current liabilities	50,804	49,841
Total current liabilities	307,960	285,411
Non-current liabilities		
Financial liabilities	143,009	175,467
Provisions	12,116	8,677
Deferred tax liabilities	42,913	31,128
Net defined benefit liabilities	18,954	19,530
Other non-current liabilities	6,341	5,839
Total non-current liabilities	223,335	240,643
Total liabilities	531,296	526,055
Equity		
Issued capital	67,176	67,176
Capital surplus	80,264	80,426
Retained earnings	362,859	400,720
Treasury shares	-17,815	-37,779
Other components of equity	44,689	26,131
Total equity attributable to owners of the parent	537,175	536,676
Non-controlling interests	23,839	23,724
<b>Total equity</b>	<b>561,014</b>	<b>560,400</b>
<b>Total liabilities and equity</b>	<b>1,092,310</b>	<b>1,086,456</b>

**(2) Consolidated statements of income and consolidated statements of comprehensive income****Consolidated statements of income**

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Sales	1,020,338	991,365
Cost of sales	788,052	771,783
Gross profit	232,286	219,581
Selling, general and administrative expenses	138,459	141,808
Share of profits of investments accounted for using the equity method	6,448	5,493
Other operating expenses	2,398	3,987
Operating income	97,875	79,279
Financial income	2,476	2,661
Financial expenses	3,103	2,710
Income before income taxes	97,248	79,229
Income tax expense	24,087	20,491
Net income	73,160	58,738
Net income attributable to:		
Owners of the parent	69,312	55,809
Non-controlling interests	3,848	2,928
(Earnings per share attributable to owners of the parent)		
Basic earnings per share (yen)	131.16	107.46
Diluted earnings per share (yen)	130.96	107.24

**Consolidated statements of comprehensive income**

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Net income	73,160	58,738
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liability (asset)	11,061	-3,807
Net changes in financial assets measured at fair value through other comprehensive income	8,279	-6,460
Share of other comprehensive income of investments accounted for using equity method	155	75
Total items that will not be reclassified to profit or loss	19,496	-10,192
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	3,917	-4,731
Share of other comprehensive income of investments accounted for using equity method	93	-20
Total items that may be reclassified to profit or loss	4,010	-4,751
Total other comprehensive income, net of tax	23,506	-14,944
Total comprehensive income for the period	96,667	43,794
Total comprehensive income for the period attributable to:		
Owners of the parent	92,551	40,803
Non-controlling interests	4,116	2,991

### (3) Consolidated statements of changes in equity

From April 1, 2017 to March 31, 2018

(Millions of yen)

	Equity attributable to owners of the parent			
	Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance	67,176	79,676	308,395	-17,937
Net income	—	—	69,312	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	69,312	—
Purchase of treasury shares	—	—	—	-11
Disposal of treasury shares	—	119	—	134
Share-based payment transactions	—	591	—	—
Cash dividends	—	—	-17,452	—
Changes in the ownership interest in subsidiaries	—	-122	—	—
Other	—	—	2,604	—
Total transactions with owners, etc.	—	588	-14,848	122
Closing balance	67,176	80,264	362,859	-17,815

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Other components of equity				Total	Total		
	Exchange differences on translating foreign operations	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liability (asset)	Total				
Opening balance	-11,531	37,862	-2,290	24,039	461,350	23,661	485,011	
Net income	—	—	—	—	69,312	3,848	73,160	
Other comprehensive income	3,757	8,311	11,170	23,239	23,239	267	23,506	
Total comprehensive income for the period	3,757	8,311	11,170	23,239	92,551	4,116	96,667	
Purchase of treasury shares	—	—	—	—	-11	—	-11	
Disposal of treasury shares	—	—	—	—	253	—	253	
Share-based payment transactions	—	—	—	—	591	—	591	
Cash dividends	—	—	—	—	-17,452	-3,231	-20,684	
Changes in the ownership interest in subsidiaries	—	—	—	—	-122	-706	-828	
Other	—	-2,589	—	-2,589	15	—	15	
Total transactions with owners, etc.	—	-2,589	—	-2,589	-16,726	-3,938	-20,664	
Closing balance	-7,774	43,584	8,880	44,689	537,175	23,839	561,014	

From April 1, 2018 to March 31, 2019

(Millions of yen)

	Equity attributable to owners of the parent			
	Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance	67,176	80,264	362,859	-17,815
Net income	—	—	55,809	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	55,809	—
Purchase of treasury shares	—	—	—	-20,053
Disposal of treasury shares	—	21	—	89
Share-based payment transactions	—	375	—	—
Cash dividends	—	—	-21,514	—
Changes in the ownership interest in subsidiaries	—	-235	—	—
Other	—	—	3,565	—
Total transactions with owners, etc.	—	161	-17,948	-19,963
Closing balance	67,176	80,426	400,720	-37,779

	Equity attributable to owners of the parent							
	Other components of equity				Total	Total	Non-controlling interests	Total equity
	Exchange differences on translating foreign operations	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liability (asset)	Total				
Opening balance	-7,774	43,584	8,880	44,689	537,175	23,839	561,014	
Net income	—	—	—	—	55,809	2,928	58,738	
Other comprehensive income	-4,823	-6,537	-3,645	-15,006	-15,006	62	-14,944	
Total comprehensive income for the period	-4,823	-6,537	-3,645	-15,006	40,803	2,991	43,794	
Purchase of treasury shares	—	—	—	—	-20,053	—	-20,053	
Disposal of treasury shares	—	—	—	—	111	—	111	
Share-based payment transactions	—	—	—	—	375	—	375	
Cash dividends	—	—	—	—	-21,514	-2,816	-24,330	
Changes in the ownership interest in subsidiaries	—	—	—	—	-235	-290	-525	
Other	—	-3,551	—	-3,551	14	—	14	
Total transactions with owners, etc.	—	-3,551	—	-3,551	-41,302	-3,106	-44,408	
Closing balance	-12,598	33,494	5,234	26,131	536,676	23,724	560,400	

**(4) Consolidated statements of cash flows**

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Operating activities		
Income before income taxes	97,248	79,229
Depreciation and amortisation	46,785	48,801
Increase (decrease) in net defined benefit liability and net defined benefit asset	-985	621
Interest and dividend income	-2,329	-2,368
Interest expenses	2,978	2,600
Share of profits of investments accounted for using the equity method	-6,448	-5,493
Decrease (increase) in trade receivables	-12,464	18,602
Decrease (increase) in inventories	-10,382	-17,859
Increase (decrease) in trade payables	-11,116	-10,856
Other	-2,957	-1,354
Subtotal	100,328	111,924
Interest and dividend received	5,174	7,484
Interest expenses paid	-2,921	-2,642
Income tax paid	-18,835	-24,149
Net cash provided by operating activities	83,746	92,617
Investing activities		
Purchases of property, plant and equipment	-61,397	-73,379
Proceeds from sale of property, plant and equipment	386	1,090
Purchases of other financial assets	-162	-38
Proceeds from sale and redemption of other financial assets	16,941	6,829
Other	-8,769	-7,176
Net cash used in investing activities	-53,001	-72,673
Financial activities		
Proceeds from long-term loans	12,000	34,333
Repayments of long-term loans	-48,687	-46,809
Proceeds from issuance of corporate bonds	20,000	40,000
Acquisition of treasury shares	-4	-20,044
Dividends paid	-17,438	-21,495
Dividends paid to non-controlling interests	-3,233	-2,892
Other	-2,440	-3,569
Net cash used in financial activities	-39,804	-20,477
Effect of exchange rate changes on cash and cash equivalents	770	-784
Net increase (decrease) in cash and cash equivalents	-8,289	-1,318
Cash and cash equivalents at beginning of the period	139,573	131,283
Cash and cash equivalents at the end of the period	131,283	129,965

## (5) Notes to consolidated financial statements

### Going concern assumption

None.

### Changes in accounting policies

The significant accounting policies adopted for the consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2018 except the following items.

IFRS		Description of new standards and revisions
IFRS 15	Revenue from Contracts with Customers	Revision of accounting and disclosure requirements concerning revenue recognition

The NSK Group has adopted IFRS 15 "Revenue from Contracts with Customers" (issued in May 2014) and "Clarifications to IFRS 15" (issued in April 2016) (together, hereinafter "IFRS 15") from the year ended March 31, 2019. We applied the method to recognise the cumulative impacts incurred by the application of this standard on the application start date, which is permitted as a provisional measure. In accordance with IFRS 15, except for revenue including interest and dividends income, etc. under IFRS 9 "Financial Instruments," revenue from contracts with customers is recognised by applying the following five-step approach:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when the entity satisfies a performance obligation

The NSK Group engages in the production and sales of industrial machinery bearings, precision machinery & parts, bearings for car manufacturers and automotive component manufacturers, steering systems, automatic transmission components, etc.

For revenue by sales of such products, because the customer obtains control over the products upon delivery, the performance obligation is judged to have been satisfied and revenue is therefore recognized upon delivery of the products. Revenue is measured at the consideration promised in a contract with a customer, less discounts, rebates returned products and other items. There are no material impacts resulting from the adoption of IFRS 15 on the Group's consolidated financial results.

## Segment information

### 1) Overview of reportable segments

NSK's two business division headquarters, based at the Group's headquarters in Tokyo and, classified by the industry of their customers, develop and implement comprehensive global strategies for the respective products they handle. Given this background, the NSK Group classifies its reportable segments into the Industrial Machinery Business and the Automotive Business.

### 2) Segment revenue and performance

From April 1, 2017 to March 31, 2018

	Reportable segments			Others (Note 1)	Total	(Millions of yen)	
	Industrial Machinery Business	Automotive Business	Subtotal			Adjustments (Note 2)	Consolidated
Sales							
Sales to third parties	266,249	723,564	989,814	30,524	1,020,338	—	1,020,338
Intersegment sales	—	—	—	27,388	27,388	-27,388	—
Total	266,249	723,564	989,814	57,913	1,047,727	-27,388	1,020,338
Segment income (loss) (Operating income)	28,333	65,963	94,297	5,672	99,969	-2,093	97,875
Total financial income (expenses)							-627
Income before income taxes							97,248
Other items							
Capital expenditure	15,634	49,646	65,280	3,507	68,788	—	68,788
Depreciation and amortisation	9,689	34,072	43,762	3,328	47,090	-305	46,785
Equity gain from investment in associates	1,121	5,282	6,404	44	6,448	—	6,448

(Note 1) "Others" refers to operating segments excluded from reportable segments and include such businesses as the production and sales of steel balls and production of machineries.

(Note 2) The -¥2,093 million adjustment made for segment income (loss) includes intersegment elimination of ¥305 million and -¥2,398 million in other operating expenses not allocated to the reportable segments.

From April 1, 2018 to March 31, 2019

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
<b>Sales</b>							
Sales to third parties	269,974	689,658	959,632	31,732	991,365	—	991,365
Intersegment sales	—	—	—	31,186	31,186	-31,186	—
<b>Total</b>	<b>269,974</b>	<b>689,658</b>	<b>959,632</b>	<b>62,919</b>	<b>1,022,552</b>	<b>-31,186</b>	<b>991,365</b>
Segment income (loss) (Operating income)	32,887	44,949	77,837	5,607	83,444	-4,165	79,279
Total financial income (expenses)							-49
Income before income taxes							79,229
<b>Other items</b>							
Capital expenditure	21,827	55,185	77,012	4,544	81,556	-453	81,102
Depreciation and amortisation	10,371	35,295	45,666	3,410	49,077	-275	48,801
Equity gain from investment in associates	774	4,636	5,411	82	5,493	—	5,493

(Note 1) "Others" refers to operating segments excluded from reportable segments and include such businesses as the production and sales of steel balls and production of machineries.

(Note 2) The -¥4,165 million adjustment made for segment income (loss) includes intersegment elimination of -¥177 million and -¥3,987 million in other operating expenses not allocated to the reportable segments.

### 3) Information by product and service

This information is omitted as similar information has been disclosed in "Segment revenue and performance".

#### 4) Information by region

##### ① Sales to third parties

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Japan	372,134	367,537
The Americas	155,498	157,581
Europe	137,856	130,127
China	212,097	194,994
Other Asia	142,752	141,124
Total	1,020,338	991,365

(Note 1) Sales are based on the customers' location and categorized by either countries or regions.

(Note 2) The categories of the countries or the regions are based on their relative proximity.

(Note 3) Main countries and regions belonging to other regions apart from Japan and China are follows;

The Americas: the United States, Canada, Mexico, Brazil, etc.

Europe: the United Kingdom, Germany, Poland, and other European countries, etc.

Other Asia: East and South East Asian countries (apart from Japan and China), India, Australia, etc.

##### ② Non-current assets

(Millions of yen)

	As of Mar.31, 2018	As of Mar.31, 2019
Japan	184,407	204,960
The Americas	30,872	33,083
Europe	35,302	36,001
China	72,601	73,952
Other Asia	46,882	49,886
Total	370,066	397,884

(Note 1) Non-current assets represent the amount of property, plant and equipment and intangible assets.

(Note 2) The categories of the countries or the regions are based on the proximity.

(Note 3) Main countries and regions belonging to other regions apart from Japan and China are follows;

The Americas: the United States, Canada, Mexico, Brazil, etc.

Europe: the United Kingdom, Germany, Poland, and other European countries, etc.

Other Asia: East and South East Asian countries (apart from Japan and China), India, Australia, etc.

#### 5) Information on major customers

In terms of sales to third parties, none of the counterparties accounted for 10% or more of sales in the consolidated statements of income in the previous consolidated fiscal year or the current consolidated fiscal year, therefore, no information on major customers is stated.

**Per share information****1) Basic earnings per share and diluted earnings per share**

	Year ended Mar.31, 2018	Year ended Mar.31, 2019
Basic earnings per share	¥131.16	¥107.46
Diluted earnings per share	¥130.96	¥107.24

**2) Basis of calculation of basic earnings per share and diluted earnings per share**

	Year ended Mar.31, 2018	Year ended Mar.31, 2019
Net income attributable to owners of the parent (millions of yen)	69,312	55,809
Weighted average number of issued common shares (thousand shares)	528,456	519,350
Impact of dilution: share options (thousand shares)	46	—
Impact of dilution: board benefit trust, etc. (thousand shares)	761	1,071
Weighted average number of issued common shares after dilution (thousand shares)	529,264	520,421

**Events after the reporting period**

None.

## 2019年3月期 決算短信 補足説明資料

Supplementary material regarding consolidated results for the year ended March 31, 2019

### 1. 決算概要 / Summary of financial results

(百万円 / ¥Million)	2018年3月期 / FY2017			2019年3月期 / FY2018					
	1H	2H	Full year	1H	対前年同期比 YoY	2H	対前年同期比 YoY	Full year	対前年同期比 YoY
売上高 Sales	493,325	527,013	1,020,338	509,576	103.3%	481,788	91.4%	991,365	97.2%
営業利益 Operating income	42,734	55,141	97,875	44,964	105.2%	34,314	62.2%	79,279	81.0%
税引前利益 Income before income taxes	42,439	54,809	97,248	45,104	106.3%	34,125	62.3%	79,229	81.5%
親会社の所有者に帰属する当期利益 Net income attributable to owners of the parent	28,383	40,928	69,312	30,941	109.0%	24,868	60.8%	55,809	80.5%
基本的1株当たり当期利益(円) Basic earnings per share (yen)	53.71	77.45	131.16	58.79	—	48.53	—	107.46	—

(百万円 / ¥Million)	2018年3月期 / FY2017				2019年3月期 / FY2018							
	1Q	2Q	3Q	4Q	1Q	対前年同期比 YoY	2Q	対前年同期比 YoY	3Q	対前年同期比 YoY	4Q	対前年同期比 YoY
売上高 Sales	243,834	249,491	264,344	262,669	260,694	106.9%	248,882	99.8%	248,076	93.8%	233,712	89.0%
営業利益 Operating income	23,314	19,420	27,947	27,194	24,776	106.3%	20,188	104.0%	21,300	76.2%	13,013	47.9%
税引前四半期利益 Income before income taxes	23,567	18,871	28,002	26,807	25,282	107.3%	19,821	105.0%	21,190	75.7%	12,935	48.3%
親会社の所有者に帰属する四半期利益 Net income attributable to owners of the parent	16,546	11,836	19,700	21,228	17,703	107.0%	13,238	111.8%	15,836	80.4%	9,031	42.5%
基本的1株当たり四半期利益(円) Basic earnings per share (yen)	31.31	22.40	37.28	40.16	33.49	—	25.26	—	30.88	—	17.64	—
連結子会社数(社) Consolidated subsidiaries	89	89	90	90	89	—	90	—	89	—	88	—
日本 Japan	19	19	19	19	19	—	19	—	19	—	18	—
海外 Non-Japan	70	70	71	71	70	—	71	—	70	—	70	—
期末従業員数(人) Number of employees	31,614	31,760	32,021	31,861	31,924	—	31,890	—	32,045	—	31,484	—
日本 Japan	11,575	11,564	11,634	11,607	11,818	—	11,814	—	11,802	—	11,755	—
海外 Non-Japan	20,039	20,196	20,387	20,254	20,106	—	20,076	—	20,243	—	19,729	—

### <予想 / Forecast>

(百万円 / ¥Million)	2020年3月期 / FY2019					
	前半予想 1H FCT	対前年同期比 YoY	後半予想 2H FCT	対前年同期比 YoY	通期予想 Full year FCT	対前年比 YoY
売上高 Sales	464,000	91.1%	481,000	99.8%	945,000	95.3%
営業利益 Operating income	25,000	55.6%	38,000	110.7%	63,000	79.5%
税引前利益 Income before income taxes	25,000	55.4%	37,500	109.9%	62,500	78.9%
親会社の所有者に帰属する当期利益 Net income attributable to owners of the parent	19,000	61.4%	26,000	104.6%	45,000	80.6%

### 2. 売上高 / Sales

(百万円 / ¥Million)	2018年3月期 / FY2017			2019年3月期 / FY2018					
	1H	2H	Full year	1H	対前年同期比 YoY	2H	対前年同期比 YoY	Full year	対前年同期比 YoY
報告セグメント Business segment data									
産業機械事業 Industrial machinery business	126,917	139,332	266,249	135,872	107.1%	134,101	96.2%	269,974	101.4%
自動車事業 Automotive business	352,139	371,425	723,564	357,577	101.5%	332,080	89.4%	689,658	95.3%
計 Sub total	479,056	510,757	989,814	493,450	103.0%	466,182	91.3%	959,632	97.0%
その他 Others	26,684	31,228	57,913	30,349	113.7%	32,570	104.3%	62,919	108.6%
調整額 Adjustments	12,416	14,972	27,388	14,223	—	16,963	—	31,186	—
合計 Total	493,325	527,013	1,020,338	509,576	103.3%	481,788	91.4%	991,365	97.2%

(百万円 / ¥Million)	2018年3月期 / FY2017				2019年3月期 / FY2018							
	1Q	2Q	3Q	4Q	1Q	対前年同期比 YoY	2Q	対前年同期比 YoY	3Q	対前年同期比 YoY	4Q	対前年同期比 YoY
報告セグメント Business segment data												
産業機械事業 Industrial machinery business	62,580	64,336	68,547	70,784	69,251	110.7%	66,621	103.6%	68,156	99.4%	65,944	93.2%
自動車事業 Automotive business	174,174	177,964	187,822	183,602	183,260	105.2%	174,316	97.9%	171,625	91.4%	160,455	87.4%
計 Sub total	236,755	242,301	256,370	254,386	252,512	106.7%	240,937	99.4%	239,782	93.5%	226,400	89.0%
その他 Others	12,988	13,696	15,188	16,039	14,845	114.3%	15,504	113.2%	17,736	116.8%	14,833	92.5%
調整額 Adjustments	5,909	6,506	7,214	7,757	6,663	—	7,559	—	9,442	—	7,521	—
合計 Total	243,834	249,491	264,344	262,669	260,694	106.9%	248,882	99.8%	248,076	93.8%	233,712	89.0%

### <予想 / Forecast>

(百万円 / ¥Million)	2020年3月期 / FY2019					
	前半予想 1H FCT	対前年同期比 YoY	後半予想 2H FCT	対前年同期比 YoY	通期予想 Full year FCT	対前年比 YoY
産業機械事業 Industrial machinery business	129,000	94.9%	136,000	101.4%	265,000	98.2%
自動車事業 Automotive business	321,000	89.8%	329,000	99.1%	650,000	94.2%
その他 Others	28,000	92.3%	31,000	95.2%	59,000	93.8%
調整額 Adjustments	14,000	—	15,000	—	29,000	—
合計 Total	464,000	91.1%	481,000	99.8%	945,000	95.3%

### 3. 営業利益 / Operating income

(百万円 / ¥Million)	2018年3月期 / FY2017			2019年3月期 / FY2018					
	1H	2H	Full year	1H	対前年同期比 YoY	2H	対前年同期比 YoY	Full year	対前年比 YoY
報告セグメント Business segment data									
産業機械事業 Industrial machinery business	10,246	18,087	28,333	16,729	163.3%	16,158	89.3%	32,887	116.1%
自動車事業 Automotive business	31,232	34,731	65,963	26,703	85.5%	18,245	52.5%	44,949	68.1%
計 Sub total	41,478	52,818	94,297	43,433	104.7%	34,403	65.1%	77,837	82.5%
その他 Others	△ 2,571	△ 3,100	△ 5,672	△ 2,835	110.3%	△ 2,771	89.4%	△ 5,607	98.9%
調整額 Adjustments	1,315	777	2,093	1,303	—	2,861	—	4,165	—
合計 Total	42,734	55,141	97,875	44,964	105.2%	34,314	62.2%	79,279	81.0%

(百万円 / ¥Million)	2018年3月期 / FY2017				2019年3月期 / FY2018							
	1Q	2Q	3Q	4Q	1Q	対前年同期比 YoY	2Q	対前年同期比 YoY	3Q	対前年同期比 YoY	4Q	対前年同期比 YoY
報告セグメント Business segment data												
産業機械事業 Industrial machinery business	5,523	4,722	8,068	10,018	8,779	159.0%	7,949	168.3%	8,229	102.0%	7,929	79.1%
自動車事業 Automotive business	17,166	14,065	18,604	16,126	15,282	89.0%	11,421	81.2%	11,825	63.6%	6,419	39.8%
計 Sub total	22,689	18,788	26,673	26,145	24,061	106.0%	19,371	103.1%	20,054	75.2%	14,349	54.9%
その他 Others	△ 1,224	△ 1,347	△ 1,532	△ 1,567	△ 1,351	110.4%	△ 1,483	110.1%	△ 1,992	130.0%	△ 779	49.7%
調整額 Adjustments	599	715	258	519	636	—	667	—	746	—	2,115	—
合計 Total	23,314	19,420	27,947	27,194	24,776	106.3%	20,188	104.0%	21,300	76.2%	13,013	47.9%

#### <予想 / Forecast>

(百万円 / ¥Million)	2020年3月期 / FY2019					
	前半予想 1H FCT	対前年同期比 YoY	後半予想 2H FCT	対前年同期比 YoY	通期予想 Full year FCT	対前年比 YoY
産業機械事業 Industrial machinery business	12,000	71.7%	17,000	105.2%	29,000	88.2%
自動車事業 Automotive business	△ 13,000	48.7%	△ 20,000	109.6%	△ 33,000	73.4%
その他 Others	1,500	52.9%	2,500	90.2%	4,000	71.3%
調整額 Adjustments	1,500	—	1,500	—	3,000	—
合計 Total	25,000	55.6%	38,000	110.7%	63,000	79.5%

### 4. 設備投資額、減価償却費 / Capital expenditures, Depreciation and amortisation

(百万円 / ¥Million)	2018年3月期 / FY2017			2019年3月期 / FY2018					
	1H	2H	Full year	1H	対前年同期比 YoY	2H	対前年同期比 YoY	Full year	対前年比 YoY
設備投資額 Capital expenditures	24,182	44,605	68,788	27,083	112.0%	54,019	121.1%	81,102	117.9%
減価償却費 Depreciation and amortisation	22,992	23,793	46,785	23,928	104.1%	24,873	104.5%	48,801	104.3%

(百万円 / ¥Million)	2018年3月期 / FY2017				2019年3月期 / FY2018							
	1Q	2Q	3Q	4Q	1Q	対前年同期比 YoY	2Q	対前年同期比 YoY	3Q	対前年同期比 YoY	4Q	対前年同期比 YoY
設備投資額 Capital expenditures	8,860	15,322	18,098	26,506	10,401	117.4%	16,682	108.9%	23,565	130.2%	30,454	114.9%
減価償却費 Depreciation and amortisation	11,434	11,557	11,860	11,932	11,915	104.2%	12,012	103.9%	12,300	103.7%	12,572	105.4%

#### <予想 / Forecast>

(百万円 / ¥Million)	2020年3月期 / FY2019					
	前半予想 1H FCT	対前年同期比 YoY	後半予想 2H FCT	対前年同期比 YoY	通期予想 Full year FCT	対前年比 YoY
設備投資額 Capital expenditures					60,000	74.0%
減価償却費 Depreciation and amortisation					52,000	106.6%

### 5. 研究開発費 / R&D expenses

(百万円 / ¥Million)	2018年3月期 / FY2017			2019年3月期 / FY2018					
	1H	2H	Full year	1H	対前年同期比 YoY	2H	対前年同期比 YoY	Full year	対前年比 YoY
研究開発費 R&D expenses	8,174	8,885	17,059	9,436	115.4%	9,587	107.9%	19,023	111.5%

(百万円 / ¥Million)	2018年3月期 / FY2017				2019年3月期 / FY2018							
	1Q	2Q	3Q	4Q	1Q	対前年同期比 YoY	2Q	対前年同期比 YoY	3Q	対前年同期比 YoY	4Q	対前年同期比 YoY
研究開発費 R&D expenses	3,817	4,357	4,502	4,382	4,401	115.3%	5,035	115.6%	4,860	108.0%	4,726	107.8%

#### <予想 / Forecast>

(百万円 / ¥Million)	2020年3月期 / FY2019					
	前半予想 1H FCT	対前年同期比 YoY	後半予想 2H FCT	対前年同期比 YoY	通期予想 Full year FCT	対前年比 YoY
研究開発費 R&D expenses					19,000	99.9%

6. 為替換算レート / Currency exchange rate

期中平均レート Average exchange rate (円 / ¥)	2018年3月期 / FY2017			2019年3月期 / FY2018		
	1H	2H	Full year	1H	2H	Full year
USD	111.07	110.65	110.86	110.27	111.55	110.91
EUR	126.29	133.11	129.70	129.84	126.96	128.40
CNY	16.42	17.08	16.75	16.75	16.33	16.54

期中平均レート Average exchange rate (円 / ¥)	2018年3月期 / FY2017				2019年3月期 / FY2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
USD	111.10	111.04	112.99	108.31	109.07	111.47	112.91	110.19
EUR	122.19	130.39	133.01	133.21	130.06	129.62	128.79	125.13
CNY	16.21	16.63	17.08	17.08	17.13	16.37	16.33	16.33

期末レート Term end exchange rate (円 / ¥)	2018年3月期 / FY2017		2019年3月期 / FY2018	
	End of 1H	End of 2H	End of 1H	End of 2H
USD	112.74	106.27	113.58	111.01
EUR	132.81	130.58	132.15	124.56
CNY	16.96	16.92	16.50	16.48

期末レート Term end exchange rate (円 / ¥)	2018年3月期 / FY2017				2019年3月期 / FY2018			
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of 1Q	End of 2Q	End of 3Q	End of 4Q
USD	112.00	112.74	113.05	106.27	110.54	113.58	110.91	111.01
EUR	127.95	132.81	134.95	130.58	127.88	132.15	126.88	124.56
CNY	16.49	16.96	17.30	16.92	16.67	16.50	16.14	16.48

<予想 / Forecast>

期中平均レート Average exchange rate (円 / ¥)	2020年3月期 / FY2019
	通期予想 Full year FCT
USD	110
EUR	125
CNY	16.5