

NSK Ltd.

For Immediate Release

October 29, 2018

CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED September 30, 2018 (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
Filing date of quarterly securities report	November 9, 2018
Payment date of cash dividends	December 3, 2018

(Figures are rounded down to the nearest million yen)

1. Consolidated financial highlights for the six months ended September 30, 2018

(1) Consolidated financial results

(% indicates changes from the previous year)

	Net 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	%
Six months ended Sep. 30, 2018	509,576	3.3	44,964	5.2	45,104	6.3	32,624	7.2	30,941	9.0	37,664	-30.3
Six months ended Sep. 30, 2017	493,325	8.3	42,734	56.4	42,439	60.1	30,424	42.2	28,383	42.9	54,068	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Sep. 30, 2018	58.79	58.69
Six months ended Sep. 30, 2017	53.71	53.66

(2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Equity ratio attributable to owners of the parent
	Millions of Yen	Millions of Yen	Millions of Yen	%
As of Sep. 30, 2018	1,097,410	573,625	551,102	50.2
As of Mar. 31, 2018	1,092,310	561,014	537,175	49.2

2. Cash dividends

(Record date)	Cash dividends per share				
	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 —	Yen 19.00	Yen —	Yen 21.00	Yen 40.00
Year ending Mar. 31, 2019	—	20.00			
Year ending Mar. 31, 2019 (Forecast)			—	20.00	40.00

(Note) Revision to the forecast of cash dividends from the latest announcement: None

3. Forecast of consolidated results for the year ending March 31, 2019

(% indicates changes from the previous year)

	Net 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
Year ending Mar. 31, 2019	1,010,000	-1.0	93,000	-5.0	93,000	-4.4	65,000	-6.2	125.10

(Note) Revision to the forecast of consolidated results from the latest announcement: Yes

4. Others

(1) Changes in the significant subsidiaries during the period (Changes in specified subsidiaries resulting in change in the scope of consolidation): Yes

One exclusion. (NSK Bearings Manufacturing India Private Limited)

(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.

(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 "(5) Notes to consolidated financial statements (Changes in accounting policies)" in "2. Quarterly consolidated financial statements and notes" on page 12 of the attachment of this summary of quarterly 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 Sep. 30, 2018 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 Sep. 30, 2018 31,450,485 shares As of Mar. 31, 2018 22,707,846 shares

(iii) Average number of shares issued and outstanding in each period:

Six months ended Sep. 30, 2018 526,301,770 shares Six months ended Sep. 30, 2017 528,420,222 shares

(Note) This summary of quarterly financial results is not subject to quarterly 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.

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 has been implementing 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 are addressing three main management tasks: achieving sustainable growth, reconstructing our profit base, and establishing new growth fields.

Looking at global economic conditions during the first half of the year ending March 31, 2019, overall growth continued, although concerns have risen over downside risks to the economy due to deepening trade friction stemming from moves by the US administration, depreciation of emerging countries' currencies, and rising resource prices. By region, the Japanese economy maintained its growth trend, driven by a pick-up in consumption and a rise in capital expenditure. The US economy continued to see solid growth due to increases in individual consumption and capital expenditure. In Europe, gradual economic growth continued, primarily in the Eurozone. In China, economic growth showed signs of slowing due to trade friction with the US. Meanwhile, growth in other Asian economies continued, backed by strong domestic demand, despite concerns over currency depreciation in some countries.

In this economic environment, consolidated net sales for the first half of the year ending March 31, 2019 totaled ¥509,576 million, a year-on-year increase of 3.3%, and operating income totaled ¥44,964 million, a year-on-year increase of 5.2%. Income before income taxes was ¥45,104 million, a year-on-year increase of 6.3%. Net income attributable to owners of the parent was ¥30,941 million, a year-on-year increase of 9.0%.

Business segment information

1) Industrial Machinery Business segment

Overall sales in the industrial machinery business increased on a year-on-year basis. However, recent demand has begun to slow. Looking at the Company's results by geographic breakdown, sales in Japan increased, primarily in the machine tool and semiconductor sectors. In the Americas and Europe, sales in the machine tool sector rose. Sales in China grew steadily, including the aftermarket and construction machinery sectors. In other Asian countries, sales increased due to a continued recovery in demand, primarily in the aftermarket sector.

As a result, net sales in the industrial machinery business totaled ¥135,872 million, a year-on-year increase of 7.1%. Operating income was ¥16,729 million, a year-on-year increase of 63.3%.

2) Automotive Business segment

Overall sales in the automotive business continued to grow due to solid growth in the powertrain business, despite lower sales in the electric power steering (EPS) business. Looking at the Company's results by geographic breakdown, sales in Japan and the Americas increased due to solid sales of products for transmission systems. In Europe and China, sales decreased due to a decline in the EPS business. Meanwhile, sales in other Asian countries increased, primarily in India.

As a result, net sales in the automotive business totaled ¥357,577 million, a year-on-year increase of 1.5%. Operating income totaled ¥26,703 million, a year-on-year decrease of 14.5% due to cost increase factors including a rise in steel prices, labor costs, and increased R&D expenditure toward future growth.

(2) Qualitative information regarding consolidated financial position

Assets and liabilities

Total assets were ¥1,097,410 million, an increase of ¥5,099 million compared to total assets as of March 31, 2018. The main reasons for this were increases of ¥15,183 million in inventories, ¥3,471 million in property, plant and equipment, ¥2,370 million in other financial assets (non-current), and ¥3,419 million in net defined benefit assets, which offset decreases of ¥10,203 million in cash and cash equivalents and ¥9,009 million in trade receivables and other receivables.

Total liabilities were ¥523,785 million, a decrease of ¥7,510 million compared to total liabilities as of March 31, 2018. The main reasons for this were increases of ¥12,460 million in other financial liabilities (current) and ¥3,162 million in other current liabilities, which offset decreases of ¥8,314 million in trade payables and other payables and ¥12,328 million in financial liabilities (non-current).

Total equity

Total equity totaled ¥ 573,625 million, an increase of ¥12,610 million compared to total equity as of March 31, 2018. The main reasons for this were increases of ¥30,941 million in net income attributable to owners of the parent and ¥4,919 million in other components of equity, which offset decreases of ¥11,109 million in cash dividends from retained earnings and ¥10,764 million in treasury shares.

Cash flows

Total cash and cash equivalents at end of the period were ¥121,079 million, a decrease of ¥10,203 million compared to total cash and cash equivalents as of March 31, 2018 and a ¥33,023 million decrease on year-on-year basis.

1) Net cash flow provided by operating activities

Net cash flow provided by operating activities totaled ¥49,085 million, an increase of ¥5,640 million, compared to the same period of the previous year. The main cash inflows were ¥45,104 million in income before income taxes, ¥23,928 million in depreciation and amortisation, and ¥8,116 million in decrease in trade receivables. Meanwhile, the main outflows were ¥13,923 million in increase in inventories and ¥14,006 million in income tax paid.

2) Net cash flow used in investing activities

Net cash flow used in investing activities totaled ¥32,919 million, an increase of ¥15,871 million compared to the same period of the previous year. This includes ¥30,205 million in purchases of property, plant and equipment.

3) Net cash flow used in financing activities

Net cash flow used in financing activities totaled ¥26,062 million, an increase of ¥12,276 million compared to the same period of the previous year. The main cash inflow was ¥8,000 million in proceeds from long-term loans. Meanwhile, the main outflows were ¥8,298 million in repayments of long-term loans, ¥10,849 million in acquisition of treasury shares, ¥11,096 million in dividends paid, and ¥2,892 million in dividends paid to non-controlling interests.

(3) Qualitative information regarding consolidated business forecast

Uncertainty in the business environment surrounding the NSK Group is increasing as downside risks to the economy grow due to deepening trade friction stemming from moves by the US administration, depreciation of emerging countries' currencies, and rising resource prices. Although consolidated results for the six months ended September 30, 2018 were higher than the same period of last fiscal year, recent business trends appear to indicate a slowdown. In this situation, NSK expects the challenging business environment to continue in the second half of the fiscal year, and has revised its consolidated business forecast for the year ending March 31, 2019 announced on May 9, 2018 as follows:

Revision of consolidated business forecast

Forecast for the year ending March 31, 2019

	Revised forecast	Previous forecast	Increase/Decrease	% change
	Millions of yen	Millions of yen	Millions of yen	
Net sales	1,010,000	1,020,000	-10,000	-1.0%
Operating income	93,000	98,000	-5,000	-5.1%
Income before income taxes	93,000	97,000	-4,000	-4.1%
Net income attributable to owners of the Parent	65,000	69,000	-4,000	-5.8%

- Forecast exchange rate from October 1, 2018 to March 31, 2019:
1USD = ¥110, 1Euro = ¥125

Notes

All forecasts are based on a number of assumptions regarding business environment and policies, and are subject to change based on a range of factors. Accordingly, actual financial results may differ from these forecasts.

NSK has outlined details of the change to its consolidated business forecast in the statement entitled "Revision of Consolidated Business Forecast for the Fiscal Year Ending March 31, 2019", released today (October 29, 2018).

2. Quarterly consolidated financial statements and notes

(1) Quarterly consolidated statements of financial position

(Millions of yen)

	As of Mar.31, 2018	As of Sep.30, 2018
Assets		
Current assets		
Cash and cash equivalents	131,283	121,079
Trade receivables and other receivables	217,200	208,191
Inventories	143,052	158,236
Other financial assets	1,953	1,306
Income tax receivables	1,006	2,023
Other current assets	16,848	15,589
Total current assets	511,346	506,425
Non-current assets		
Property, plant and equipment	351,875	355,346
Intangible assets	18,191	18,501
Investments accounted for using equity method	27,168	27,276
Other financial assets	96,543	98,914
Deferred tax assets	18,931	18,879
Net defined benefit assets	64,171	67,590
Other non-current assets	4,082	4,475
Total non-current assets	580,964	590,984
Total assets	1,092,310	1,097,410
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade payables and other payables	141,797	133,483
Other financial liabilities	109,168	121,629
Provisions	66	88
Income tax payables	6,123	5,782
Other current liabilities	50,804	53,967
Total current liabilities	307,960	314,950
Non-current liabilities		
Financial liabilities	143,009	130,681
Provisions	12,116	9,392
Deferred tax liabilities	42,913	44,257
Net defined benefit liabilities	18,954	18,398
Other non-current liabilities	6,341	6,103
Total non-current liabilities	223,335	208,835
Total liabilities	531,296	523,785
Equity		
Issued capital	67,176	67,176
Capital surplus	80,264	80,179
Retained earnings	362,859	382,717
Treasury shares	-17,815	-28,580
Other components of equity	44,689	49,609
Total equity attributable to owners of the parent	537,175	551,102
Non-controlling interests	23,839	22,523
Total equity	561,014	573,625
Total liabilities and equity	1,092,310	1,097,410

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income

(Millions of yen)

	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2018
Sales	493,325	509,576
Cost of sales	383,076	394,745
Gross profit	110,249	114,831
Selling, general and administrative expenses	68,865	71,174
Share of profits of investments accounted for using the equity method	2,829	2,727
Other operating expenses	1,479	1,419
Operating income	42,734	44,964
Financial income	1,306	1,356
Financial expenses	1,601	1,217
Income before income taxes	42,439	45,104
Income tax expense	12,014	12,479
Net income	30,424	32,624
Net income attributable to:		
Owners of the parent	28,383	30,941
Non-controlling interests	2,041	1,683
(Earnings per share attributable to owners of the parent)		
Basic earnings per share (yen)	53.71	58.79
Diluted earnings per share (yen)	53.66	58.69

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2018
Net income	30,424	32,624
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liability (asset)	6,182	2,230
Net changes in financial assets measured at fair value through other comprehensive income	6,562	1,563
Share of other comprehensive income of investments accounted for using equity method	78	2
Total items that will not be reclassified to profit or loss	12,824	3,796
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	10,628	1,265
Share of other comprehensive income of investments accounted for using equity method	191	-23
Total items that may be reclassified to profit or loss	10,819	1,242
Total other comprehensive income, net of tax	23,643	5,039
Total comprehensive income for the period	54,068	37,664
Total comprehensive income for the period attributable to:		
Owners of the parent	51,578	35,874
Non-controlling interests	2,490	1,789

(3) Quarterly consolidated statements of changes in equity

From April 1, 2017 to September 30, 2017

(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	—	—	28,383	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	28,383	—
Purchase of treasury shares	—	—	—	-5
Disposal of treasury shares	—	-6	—	37
Share-based payment transactions	—	364	—	—
Cash dividends	—	—	-7,403	—
Changes in the ownership interest in subsidiaries	—	—	—	—
Other	—	—	138	—
Total transactions with owners, etc.	—	357	-7,265	31
Closing balance	67,176	80,033	329,513	-17,905

	Equity attributable to owners of the parent				Total	Non-controlling interests	Total equity
	Other components of 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	-11,531	37,862	-2,290	24,039	461,350	23,661	485,011
Net income	—	—	—	—	28,383	2,041	30,424
Other comprehensive income	10,393	6,564	6,237	23,195	23,195	448	23,643
Total comprehensive income for the period	10,393	6,564	6,237	23,195	51,578	2,490	54,068
Purchase of treasury shares	—	—	—	—	-5	—	-5
Disposal of treasury shares	—	—	—	—	30	—	30
Share-based payment transactions	—	—	—	—	364	—	364
Cash dividends	—	—	—	—	-7,403	-2,984	-10,388
Changes in the ownership interest in subsidiaries	—	—	—	—	—	—	—
Other	—	-137	—	-137	1	—	1
Total transactions with owners, etc.	—	-137	—	-137	-7,013	-2,984	-9,997
Closing balance	-1,138	44,289	3,947	47,097	505,915	23,167	529,082

From April 1, 2018 to September 30, 2018

(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	—	—	30,941	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	30,941	—
Purchase of treasury shares	—	—	—	-10,853
Disposal of treasury shares	—	21	—	88
Share-based payment transactions	—	129	—	—
Cash dividends	—	—	-11,109	—
Changes in the ownership interest in subsidiaries	—	-235	—	—
Other	—	—	24	—
Total transactions with owners, etc.	—	-85	-11,084	-10,764
Closing balance	67,176	80,179	382,717	-28,580

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity				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	-7,774	43,584	8,880	44,689	537,175	23,839	561,014
Net income	—	—	—	—	30,941	1,683	32,624
Other comprehensive income	1,154	1,496	2,281	4,932	4,932	106	5,039
Total comprehensive income for the period	1,154	1,496	2,281	4,932	35,874	1,789	37,664
Purchase of treasury shares	—	—	—	—	-10,853	—	-10,853
Disposal of treasury shares	—	—	—	—	110	—	110
Share-based payment transactions	—	—	—	—	129	—	129
Cash dividends	—	—	—	—	-11,109	-2,816	-13,925
Changes in the ownership interest in subsidiaries	—	—	—	—	-235	-290	-525
Other	—	-13	—	-13	11	—	11
Total transactions with owners, etc.	—	-13	—	-13	-21,947	-3,106	-25,053
Closing balance	-6,620	45,067	11,162	49,609	551,102	22,523	573,625

(4) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2018
Operating activities		
Income before income taxes	42,439	45,104
Depreciation and amortisation	22,992	23,928
Increase (decrease) in net defined benefit liability and net defined benefit asset	492	-1,213
Interest and dividend income	-1,231	-1,278
Interest expenses	1,578	1,322
Share of profits of investments accounted for using the equity method	-2,829	-2,727
Decrease (increase) in trade receivables	-2,740	8,116
Decrease (increase) in inventories	-7,354	-13,923
Increase (decrease) in trade payables	-1,871	-1,212
Other	-1,150	2,145
Subtotal	50,324	60,261
Interest and dividend received	3,957	4,045
Interest expenses paid	-1,397	-1,214
Income tax paid	-9,438	-14,006
Net cash provided by operating activities	43,445	49,085
Investing activities		
Purchases of property, plant and equipment	-24,532	-30,205
Proceeds from sale of property, plant and equipment	264	240
Purchases of other financial assets	-24	-31
Proceeds from sale of other financial assets	11,280	31
Other	-4,034	-2,954
Net cash used in investing activities	-17,047	-32,919
Financial activities		
Proceeds from long-term loans	—	8,000
Repayments of long-term loans	-6,695	-8,298
Acquisition of treasury shares	-1	-10,849
Dividends paid	-7,399	-11,096
Dividends paid to non-controlling interests	-2,984	-2,892
Other	3,295	-925
Net cash used in financial activities	-13,786	-26,062
Effect of exchange rate changes on cash and cash equivalents	1,918	-307
Net increase (decrease) in cash and cash equivalents	14,530	-10,203
Cash and cash equivalents at beginning of the period	139,573	131,283
Cash and cash equivalents at end of the period	154,103	121,079

(5) Notes to consolidated financial statements

Going concern assumption

None.

Changes in accounting policies

The significant accounting policies adopted for the condensed interim 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 first quarter ended June 30, 2018. 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, steerings, 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 September 30, 2017

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
Sales							
Sales to third parties	126,917	352,139	479,056	14,268	493,325	—	493,325
Intersegment sales	—	—	—	12,416	12,416	-12,416	—
Total	126,917	352,139	479,056	26,684	505,741	-12,416	493,325
Segment income (loss) (Operating income)	10,246	31,232	41,478	2,571	44,050	-1,315	42,734
Total financial income (expenses)							-295
Income before income taxes							42,439

(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 -¥1,315 million adjustment made for segment income (loss) includes intersegment elimination of ¥163 million and -¥1,479 million in other operating expenses not allocated to the reportable segments.

From April 1, 2018 to September 30, 2018

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
Sales							
Sales to third parties	135,872	357,577	493,450	16,126	509,576	—	509,576
Intersegment sales	—	—	—	14,223	14,223	-14,223	—
Total	135,872	357,577	493,450	30,349	523,799	-14,223	509,576
Segment income (loss) (Operating income)	16,729	26,703	43,433	2,835	46,268	-1,303	44,964
Total financial income (expenses)							139
Income before income taxes							45,104

(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 -¥1,303 million adjustment made for segment income (loss) includes intersegment elimination of ¥115 million and -¥1,419 million in other operating expenses not allocated to the reportable segments.

3. 補足情報 Supplementary information

2019年3月期 第2四半期決算短信 補足説明資料

Supplementary material of consolidated results for the six months ended September 30, 2018

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 FCT	対前年同期比 YoY	Full year FCT	対前年比 YoY
売上高 Net sales	493,325	527,013	1,020,338	509,576	103.3%	500,423	95.0%	1,010,000	99.0%
営業利益 Operating income	42,734	55,141	97,875	44,964	105.2%	48,035	87.1%	93,000	95.0%
税引前利益 Income before income taxes	42,439	54,809	97,248	45,104	106.3%	47,895	87.4%	93,000	95.6%
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%	34,058	83.2%	65,000	93.8%
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	—	66.31	—	125.10	—

(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 Net sales	243,834	249,491	264,344	262,669	260,694	106.9%	248,882	99.8%				
営業利益 Operating income	23,314	19,420	27,947	27,194	24,776	106.3%	20,188	104.0%				
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%				
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%				
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	—				
連結子会社数(社) Consolidated subsidiaries	89	89	90	90	89	—	90	—				
日本 Japan	19	19	19	19	19	—	19	—				
海外 Non-Japan	70	70	71	71	70	—	71	—				
期末従業員数(人) Number of employees	31,614	31,760	32,021	31,861	31,924	—	31,890	—				
日本 Japan	11,575	11,564	11,634	11,607	11,818	—	11,814	—				
海外 Non-Japan	20,039	20,196	20,387	20,254	20,106	—	20,076	—				

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 FCT	対前年同期比 YoY	Full year FCT	対前年比 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%	140,127	100.6%	276,000	103.7%
自動車事業 Automotive business	352,139	371,425	723,564	357,577	101.5%	345,422	93.0%	703,000	97.2%
計 Sub total	479,056	510,757	989,814	493,450	103.0%	485,549	95.1%	979,000	98.9%
その他 Others	26,684	31,228	57,913	30,349	113.7%	32,650	104.6%	63,000	108.8%
調整額 Adjustments	12,416	14,972	27,388	14,223	—	17,776	—	32,000	—
合計 Total	493,325	527,013	1,020,338	509,576	103.3%	500,423	95.0%	1,010,000	99.0%

(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	62,580	64,336	68,547	70,784	69,251	110.7%	66,621	103.6%				
自動車事業 Automotive business	174,174	177,964	187,822	183,602	183,260	105.2%	174,316	97.9%				
計 Sub total	236,755	242,301	256,370	254,386	252,512	106.7%	240,937	99.4%				
その他 Others	12,988	13,696	15,188	16,039	14,845	114.3%	15,504	113.2%				
調整額 Adjustments	5,909	6,506	7,214	7,757	6,663	—	7,559	—				
合計 Total	243,834	249,491	264,344	262,669	260,694	106.9%	248,882	99.8%				

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 FCT	対前年同期比 YoY	Full year FCT	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%	18,270	101.0%	35,000	123.5%
自動車事業 Automotive business	31,232	34,731	65,963	26,703	85.5%	27,296	78.6%	54,000	81.9%
計 Sub total	41,478	52,818	94,297	43,433	104.7%	45,566	86.3%	89,000	94.4%
その他 Others	2,571	3,100	5,672	2,835	110.3%	3,164	102.0%	6,000	105.8%
調整額 Adjustments	1,315	777	2,093	1,303	—	696	—	2,000	—
合計 Total	42,734	55,141	97,875	44,964	105.2%	48,035	87.1%	93,000	95.0%

(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%				
自動車事業 Automotive business	17,166	14,065	18,604	16,126	15,282	89.0%	11,421	81.2%				
計 Sub total	22,689	18,788	26,673	26,145	24,061	106.0%	19,371	103.1%				
その他 Others	1,224	1,347	1,532	1,567	1,351	110.4%	1,483	110.1%				
調整額 Adjustments	599	715	258	519	636	—	667	—				
合計 Total	23,314	19,420	27,947	27,194	24,776	106.3%	20,188	104.0%				

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 FCT	対前年同期比 YoY	Full year FCT	対前年比 YoY
設備投資額 Capital expenditures	24,182	44,605	68,788	27,083	112.0%	57,916	129.8%	85,000	123.6%
減価償却費 Depreciation and amortisation	22,992	23,793	46,785	23,928	104.1%	26,071	109.6%	50,000	106.9%

(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%				
減価償却費 Depreciation and amortisation	11,434	11,557	11,860	11,932	11,915	104.2%	12,012	103.9%				

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 FCT	対前年同期比 YoY	Full year FCT	対前年比 YoY
研究開発費 R&D expenses	8,174	8,885	17,059	9,436	115.4%	8,563	96.4%	18,000	105.5%

(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%				

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 FCT	Full year
USD	111.07	110.65	110.86	110.27	110.00	110.14
EUR	126.29	133.11	129.70	129.84	125.00	127.42
CNY	16.42	17.08	16.75	16.75	16.20	16.48

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		
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		

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 FCT	
USD	112.74	106.27	113.58	110.00	
EUR	132.81	130.58	132.15	125.00	
CNY	16.96	16.92	16.50	16.20	

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		
EUR	127.95	132.81	134.95	130.58	127.88	132.15		
CNY	16.49	16.96	17.30	16.92	16.67	16.50		