

NSK Ltd.

For Immediate Release

February 1, 2019

CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED

December 31, 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	February 8, 2019
Payment date of cash dividends	-

(Figures are rounded down to the nearest million yen)

1. Consolidated financial highlights for the nine months ended December 31, 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	%
Nine months ended Dec. 31, 2018	757,653	-0.0	66,265	-6.2	66,294	-5.9	49,180	-3.8	46,778	-2.7	29,868	-66.8
Nine months ended Dec. 31, 2017	757,669	8.6	70,681	57.0	70,441	60.0	51,123	56.7	48,084	58.8	90,039	89.4

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended Dec. 31, 2018	89.65		89.48	
Nine months ended Dec. 31, 2017	90.99		90.87	

(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 Dec. 31, 2018	1,080,664	546,351	523,380	48.4
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	985,000	-3.5	83,000	-15.2	82,500	-15.2	58,000	-16.3	111.68

(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 Dec. 31, 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 Dec. 31, 2018 39,259,232 shares As of Mar. 31, 2018 22,707,846 shares

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

Nine months ended Dec. 31, 2018 521,798,136 shares Nine months ended Dec. 31, 2017 528,432,794 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 nine months of the year ending March 31, 2019, the Japanese economy continued its moderate growth due to solid capital expenditure and favorable employment and income environments, despite the negative impact of natural disasters such as torrential rains and earthquakes. In the US, economic growth continued due to increases in individual consumption and capital expenditure. In Europe, although consumer spending remained strong in the Eurozone, economic growth decelerated because of political confusion as well as a decrease of vehicle production due to a new exhaust gas emission testing method (WLTP). In China, economic growth slowed down due to weaker capital expenditure and consumer spending against the backdrop of fiercer trade friction with the US. In other Asian countries, the economy recovered in India, while the Korean economy exhibited a slowdown.

In this economic environment, consolidated net sales for the nine months of the year ending March 31, 2019 totaled ¥757,653 million, remained flat year on year (-0.0%), and operating income totaled ¥66,265 million, a year-on-year decrease of 6.2%. Income before income taxes was ¥66,294 million, a year-on-year decrease of 5.9%. Net income attributable to owners of the parent was ¥46,778 million, a year-on-year decrease of 2.7%.

Business segment information

1) Industrial Machinery Business segment

Overall sales in the industrial machinery business maintained a year-on-year increase as a result of promoting enhancement of supply system against the backdrop of strong demand, primarily in the machine tool and semiconductor sectors. However, concerns over market environments such as the sluggish smartphone market and slowdown in Chinese economic growth increase the risk of downturn in business performance.

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

As a result, net sales in the industrial machinery business totaled ¥204,029 million, a year-on-year increase of 4.4%. Operating income was ¥24,958 million, a year-on-year increase of 36.3%.

2) Automotive Business segment

Sales of products for the automatic transmission (AT) system and needle bearings increased, however overall sales in the automotive business decreased year on year due to lower sales in the electric power steering (EPS) systems as well as vehicle sales decrease in China and Europe.

Looking at the Company's results by geographic breakdown, sales in Japan decreased due to lower sales in the EPS business despite solid sales of products for the AT system. In the Americas, sales increased mainly due to solid sales of products for the AT system. In Europe, sales decreased because of a vehicle production decrease due to the new exhaust gas emission testing method (WLTP). China's sales decreased due to a reactionary decline from special tax incentives for compact cars which ended last year, as well as lower EPS business. Meanwhile, sales in other Asian countries increased, primarily in India.

As a result, net sales in the automotive business totaled ¥529,203 million, a year-on-year decrease of 2.0%. Operating income totaled ¥38,529 million, a year-on-year decrease of 22.7%.

(2) Qualitative information regarding consolidated financial position

Assets and liabilities

Total assets were ¥1,080,664 million, a decrease of ¥11,646 million compared to total assets as of March 31, 2018. The main reasons for this were decreases of ¥6,650 million in cash and cash equivalents, ¥16,282 million in trade receivables and other receivables and ¥15,075 million in other financial assets (non-current), which offset increases of ¥18,725 million in inventories and ¥8,885 million in property, plant and equipment.

Total liabilities were ¥534,313 million, an increase of ¥3,016 million compared to total liabilities as of March 31, 2018. The main reason for this was an increase of ¥41,024 million in financial liabilities (non-current), which offsets decreases of ¥11,321 million in trade payables and other payables and ¥16,192 million in other financial liabilities (current).

Total equity

Total equity totaled ¥546,351 million, a decrease of ¥14,663 million compared to total equity as of March 31, 2018. The main reasons for this were decreases of ¥21,514 million in cash dividends from retained earnings, ¥19,960 million in treasury shares and ¥19,599 million in other components of equity, which offset an increase of ¥46,778 million in net income attributable to owners of the parent.

Cash flows

Total cash and cash equivalents at end of the period were ¥124,633 million, a decrease of ¥6,650 million compared to total cash and cash equivalents as of March 31, 2018 and a ¥12,762 million decrease on year-on-year basis.

1) Net cash flow provided by operating activities

Net cash flow provided by operating activities totaled ¥67,717 million, an increase of ¥13,689 million, compared to the same period of the previous year. The main cash inflows were ¥66,294 million in income before income taxes, ¥36,228 million in depreciation and amortisation, and ¥14,973 million in decrease in trade receivables. Meanwhile, the main outflows were ¥20,315 million in increase in inventories and ¥20,426 million in income tax paid.

2) Net cash flow used in investing activities

Net cash flow used in investing activities totaled ¥53,673 million, an increase of ¥16,917 million compared to the same period of the previous year. This includes ¥51,944 million in purchases of property, plant and equipment.

3) Net cash flow used in financing activities

Net cash flow used in financing activities totaled ¥19,172 million, a decrease of ¥3,072 million compared to the same period of the previous year. The main cash inflows were ¥32,887 million in proceeds from long-term loans and ¥40,000 million in proceeds from issuance of corporate bonds. Meanwhile, the main outflows were ¥42,973 million in repayments of long-term loans, ¥20,043 million in acquisition of treasury shares and ¥21,238 million in dividends paid.

(3) Qualitative information regarding consolidated business forecast

Given the concerns over downside risks to the economy due to the trade friction stemming from moves by the US administration and depreciation of emerging countries' currencies, NSK downwardly revised its consolidated business forecast for the year ending March 31, 2019 on October 29, 2018.

Subsequently, as a slowdown of the global economy mainly due to trade friction between the US and China becomes clear, a negative impact on recent demand trends for both industrial machinery and automotive businesses began to appear.

In this situation, NSK expects further challenging business environment to continue, and has revised its consolidated business forecast for the year ending March 31, 2019 announced on October 29, 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	985,000	1,010,000	-25,000	-2.5%
Operating income	83,000	93,000	-10,000	-10.8%
Income before income taxes	82,500	93,000	-10,500	-11.3%
Net income attributable to owners of the parent	58,000	65,000	-7,000	-10.8%

- Forecast exchange rate from January 1, 2019 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 (February 1, 2019).

2. Quarterly consolidated financial statements and notes

(1) Quarterly consolidated statements of financial position

(Millions of yen)

	As of Mar.31, 2018	As of Dec.31, 2018
Assets		
Current assets		
Cash and cash equivalents	131,283	124,633
Trade receivables and other receivables	217,200	200,918
Inventories	143,052	161,778
Other financial assets	1,953	1,700
Income tax receivables	1,006	3,880
Other current assets	16,848	17,720
Total current assets	511,346	510,630
Non-current assets		
Property, plant and equipment	351,875	360,760
Intangible assets	18,191	18,556
Investments accounted for using equity method	27,168	26,022
Other financial assets	96,543	81,467
Deferred tax assets	18,931	18,628
Net defined benefit assets	64,171	60,243
Other non-current assets	4,082	4,355
Total non-current assets	580,964	570,033
Total assets	1,092,310	1,080,664
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade payables and other payables	141,797	130,476
Other financial liabilities	109,168	92,976
Provisions	66	31
Income tax payables	6,123	5,272
Other current liabilities	50,804	49,592
Total current liabilities	307,960	278,349
Non-current liabilities		
Financial liabilities	143,009	184,034
Provisions	12,116	9,225
Deferred tax liabilities	42,913	37,964
Net defined benefit liabilities	18,954	18,806
Other non-current liabilities	6,341	5,933
Total non-current liabilities	223,335	255,963
Total liabilities	531,296	534,313
Equity		
Issued capital	67,176	67,176
Capital surplus	80,264	80,304
Retained earnings	362,859	388,586
Treasury shares	-17,815	-37,776
Other components of equity	44,689	25,090
Total equity attributable to owners of the parent	537,175	523,380
Non-controlling interests	23,839	22,971
Total equity	561,014	546,351
Total liabilities and equity	1,092,310	1,080,664

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

Quarterly consolidated statements of income

(Millions of yen)

	Nine months ended Dec. 31, 2017	Nine months ended Dec. 31, 2018
Sales	757,669	757,653
Cost of sales	585,809	586,212
Gross profit	171,860	171,440
Selling, general and administrative expenses	103,929	107,200
Share of profits of investments accounted for using the equity method	4,561	3,973
Other operating expenses	1,811	1,948
Operating income	70,681	66,265
Financial income	2,193	2,178
Financial expenses	2,433	2,150
Income before income taxes	70,441	66,294
Income tax expense	19,317	17,113
Net income	51,123	49,180
Net income attributable to:		
Owners of the parent	48,084	46,778
Non-controlling interests	3,039	2,402
(Earnings per share attributable to owners of the parent)		
Basic earnings per share (yen)	90.99	89.65
Diluted earnings per share (yen)	90.87	89.48

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended Dec. 31, 2017	Nine months ended Dec. 31, 2018
Net income	51,123	49,180
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liability (asset)	10,118	-2,497
Net changes in financial assets measured at fair value through other comprehensive income	11,899	-9,419
Share of other comprehensive income of investments accounted for using equity method	127	-5
Total items that will not be reclassified to profit or loss	22,145	-11,922
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	16,471	-7,237
Share of other comprehensive income of investments accounted for using equity method	299	-151
Total items that may be reclassified to profit or loss	16,770	-7,389
Total other comprehensive income, net of tax	38,916	-19,312
Total comprehensive income for the period	90,039	29,868
Total comprehensive income for the period attributable to:		
Owners of the parent	86,237	27,630
Non-controlling interests	3,801	2,237

(3) Quarterly consolidated statements of changes in equity

From April 1, 2017 to December 31, 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	—	—	48,084	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	48,084	—
Purchase of treasury shares	—	—	—	-8
Disposal of treasury shares	—	20	—	58
Share-based payment transactions	—	438	—	—
Cash dividends	—	—	-17,452	—
Changes in the ownership interest in subsidiaries	—	—	—	—
Other	—	—	198	—
Total transactions with owners, etc.	—	459	-17,253	49
Closing balance	67,176	80,135	339,225	-17,888

	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	-11,531	37,862	-2,290	24,039	461,350	23,661	485,011
Net income	—	—	—	—	48,084	3,039	51,123
Other comprehensive income	16,040	11,912	10,200	38,153	38,153	762	38,916
Total comprehensive income for the period	16,040	11,912	10,200	38,153	86,237	3,801	90,039
Purchase of treasury shares	—	—	—	—	-8	—	-8
Disposal of treasury shares	—	—	—	—	79	—	79
Share-based payment transactions	—	—	—	—	438	—	438
Cash dividends	—	—	—	—	-17,452	-3,231	-20,684
Changes in the ownership interest in subsidiaries	—	—	—	—	—	—	—
Other	—	-137	—	-137	61	—	61
Total transactions with owners, etc.	—	-137	—	-137	-16,882	-3,231	-20,114
Closing balance	4,508	49,637	7,909	62,055	530,705	24,231	554,937

From April 1, 2018 to December 31, 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	—	—	46,778	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	46,778	—
Purchase of treasury shares	—	—	—	-20,050
Disposal of treasury shares	—	21	—	89
Share-based payment transactions	—	253	—	—
Cash dividends	—	—	-21,514	—
Changes in the ownership interest in subsidiaries	—	-235	—	—
Other	—	—	462	—
Total transactions with owners, etc.	—	39	-21,051	-19,960
Closing balance	67,176	80,304	388,586	-37,776

	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	-7,774	43,584	8,880	44,689	537,175	23,839	561,014
Net income	—	—	—	—	46,778	2,402	49,180
Other comprehensive income	-7,232	-9,495	-2,420	-19,148	-19,148	-164	-19,312
Total comprehensive income for the period	-7,232	-9,495	-2,420	-19,148	27,630	2,237	29,868
Purchase of treasury shares	—	—	—	—	-20,050	—	-20,050
Disposal of treasury shares	—	—	—	—	110	—	110
Share-based payment transactions	—	—	—	—	253	—	253
Cash dividends	—	—	—	—	-21,514	-2,816	-24,330
Changes in the ownership interest in subsidiaries	—	—	—	—	-235	-290	-525
Other	—	-451	—	-451	11	—	11
Total transactions with owners, etc.	—	-451	—	-451	-41,424	-3,106	-44,531
Closing balance	-15,007	33,637	6,459	25,090	523,380	22,971	546,351

(4) Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended Dec. 31, 2017	Nine months ended Dec. 31, 2018
Operating activities		
Income before income taxes	70,441	66,294
Depreciation and amortisation	34,853	36,228
Increase (decrease) in net defined benefit liability and net defined benefit asset	246	-75
Interest and dividend income	-2,078	-2,099
Interest expenses	2,297	1,973
Share of profits of investments accounted for using the equity method	-4,561	-3,973
Decrease (increase) in trade receivables	-8,899	14,973
Decrease (increase) in inventories	-11,403	-20,315
Increase (decrease) in trade payables	-10,899	-5,925
Other	-4,658	-4,164
Subtotal	65,337	82,916
Interest and dividend received	4,824	7,206
Interest expenses paid	-2,234	-1,978
Income tax paid	-13,899	-20,426
Net cash provided by operating activities	54,028	67,717
Investing activities		
Purchases of property, plant and equipment	-41,749	-51,944
Proceeds from sale of property, plant and equipment	303	1,025
Purchases of other financial assets	-148	-32
Proceeds from sale of other financial assets	11,280	1,319
Other	-6,440	-4,041
Net cash used in investing activities	-36,755	-53,673
Financial activities		
Proceeds from long-term loans	12,000	32,887
Repayments of long-term loans	-35,091	-42,973
Proceeds from issuance of corporate bonds	20,000	40,000
Acquisition of treasury shares	-2	-20,043
Dividends paid	-17,246	-21,238
Dividends paid to non-controlling interests	-2,984	-2,892
Other	1,080	-4,911
Net cash used in financial activities	-22,244	-19,172
Effect of exchange rate changes on cash and cash equivalents	2,793	-1,523
Net increase (decrease) in cash and cash equivalents	-2,177	-6,650
Cash and cash equivalents at beginning of the period	139,573	131,283
Cash and cash equivalents at end of the period	137,395	124,633

(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 December 31, 2017

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
(Millions of yen)							
Sales							
Sales to third parties	195,465	539,962	735,427	22,242	757,669	—	757,669
Intersegment sales	—	—	—	19,630	19,630	-19,630	—
Total	195,465	539,962	735,427	41,873	777,300	-19,630	757,669
Segment income (loss) (Operating income)	18,314	49,836	68,151	4,104	72,256	-1,574	70,681
Total financial income (expenses)							-240
Income before income taxes							70,441

(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 -¥1,574 million adjustment made for segment income (loss) includes intersegment elimination of ¥237 million and -¥1,811 million in other operating expenses not allocated to the reportable segments.

From April 1, 2018 to December 31, 2018

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
(Millions of yen)							
Sales							
Sales to third parties	204,029	529,203	733,232	24,420	757,653	—	757,653
Intersegment sales	—	—	—	23,665	23,665	-23,665	—
Total	204,029	529,203	733,232	48,086	781,318	-23,665	757,653
Segment income (loss) (Operating income)	24,958	38,529	63,487	4,827	68,315	-2,049	66,265
Total financial income (expenses)							28
Income before income taxes							66,294

(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 -¥2,049 million adjustment made for segment income (loss) includes intersegment elimination of -¥101 million and -¥1,948 million in other operating expenses not allocated to the reportable segments.

3. 補足情報 Supplementary information

2019年3月期 第3四半期決算短信 補足説明資料

Supplementary material of consolidated results for the nine months ended December 31, 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%	475,423	90.2%	985,000	96.5%
営業利益 Operating income	42,734	55,141	97,875	44,964	105.2%	38,035	69.0%	83,000	84.8%
税引前利益 Income before income taxes	42,439	54,809	97,248	45,104	106.3%	37,395	68.2%	82,500	84.8%
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%	27,058	66.1%	58,000	83.7%
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	—	52.81	—	111.68	—

(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%	248,076	93.8%		
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%		
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%		
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%		
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	—		
連結子会社数(社) Consolidated subsidiaries	89	89	90	90	89	—	90	—	89	—		
日本 Japan	19	19	19	19	19	—	19	—	19	—		
海外 Non-Japan	70	70	71	71	70	—	71	—	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	—		
日本 Japan	11,575	11,564	11,634	11,607	11,818	—	11,814	—	11,802	—		
海外 Non-Japan	20,039	20,196	20,387	20,254	20,106	—	20,076	—	20,243	—		

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%	131,127	94.1%	267,000	100.3%
自動車事業 Automotive business	352,139	371,425	723,564	357,577	101.5%	329,422	88.7%	687,000	94.9%
計 Sub total	479,056	510,757	989,814	493,450	103.0%	460,549	90.2%	954,000	96.4%
その他 Others	26,684	31,228	57,913	30,349	113.7%	33,650	107.8%	64,000	110.5%
調整額 Adjustments	12,416	14,972	27,388	14,223	—	18,776	—	33,000	—
合計 Total	493,325	527,013	1,020,338	509,576	103.3%	475,423	90.2%	985,000	96.5%

(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
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%		
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%		
計 Sub total	236,755	242,301	256,370	254,386	252,512	106.7%	240,937	99.4%	239,782	93.5%		
その他 Others	12,988	13,696	15,188	16,039	14,845	114.3%	15,504	113.2%	17,736	116.8%		
調整額 Adjustments	5,909	6,506	7,214	7,757	6,663	—	7,559	—	9,442	—		
合計 Total	243,834	249,491	264,344	262,669	260,694	106.9%	248,882	99.8%	248,076	93.8%		

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%	15,770	87.2%	32,500	114.7%
自動車事業 Automotive business	31,232	34,731	65,963	26,703	85.5%	20,296	58.4%	47,000	71.3%
計 Sub total	41,478	52,818	94,297	43,433	104.7%	36,066	68.3%	79,500	84.3%
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	—	1,196	—	2,500	—
合計 Total	42,734	55,141	97,875	44,964	105.2%	38,035	69.0%	83,000	84.8%

(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%		
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%		
計 Sub total	22,689	18,788	26,673	26,145	24,061	106.0%	19,371	103.1%	20,054	75.2%		
その他 Others	1,224	1,347	1,532	1,567	1,351	110.4%	1,483	110.1%	1,992	130.0%		
調整額 Adjustments	599	715	258	519	636	—	667	—	746	—		
合計 Total	23,314	19,420	27,947	27,194	24,776	106.3%	20,188	104.0%	21,300	76.2%		

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%	23,565	130.2%		
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%		

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%	4,860	108.0%		

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 FCT
USD	111.07	110.65	110.86	110.27	111.46	110.86
EUR	126.29	133.11	129.70	129.84	126.90	128.37
CNY	16.42	17.08	16.75	16.75	16.27	16.51

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	
EUR	122.19	130.39	133.01	133.21	130.06	129.62	128.79	
CNY	16.21	16.63	17.08	17.08	17.13	16.37	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 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	110.91	
EUR	127.95	132.81	134.95	130.58	127.88	132.15	126.88	
CNY	16.49	16.96	17.30	16.92	16.67	16.50	16.14	