



# CONSOLIDATED BUSINESS RESULTS

FOR THE FIRST QUARTER  
ENDED JUNE 30, 2015

July 29, 2015  
NSK Ltd.



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## Cautionary Statements with Respect to Forward-Looking Statements

Statements made in this report with respect to plans, strategies and future performance that are not historical fact are forward-looking statements. NSK cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements.

Note : This document is an English translation of material written initially in Japanese.

The Japanese original should be considered the primary version

# Summary of Consolidated Business Results for FY2015: Q1

**NSK**

## Business Results for FY2015: 1Q

### ✓ Consolidated Business Results for FY2015: 1Q (Apr.-Jun.)

(From FY2014: 1Q)

<b>Net Sales :</b>	<b>¥ 251.2 billion</b>	<b>( +¥ 21.9 billion / +9.6% )</b>
<b>Operating Income :</b>	<b>¥ 26.1 billion</b>	<b>( +¥ 5.7 billion / +27.8% )</b>
<b>Net Income attributable to shareholders of the parent :</b>	<b>¥ 17.8 billion</b>	<b>( +¥ 3.7 billion / +26.6% )</b>

◎ Year-on-year increase in both net sales and operating income.  
1Q operating margin: 10.4%.

### ✓ Business Environment

- ◎ Japan: Continued gradual recovery due to effect of government policies.
- ◎ Non-Japan: Steady demand in the U.S., continued economic recovery in Europe, slower growth in China, stagnation in ASEAN markets.

## Expected Business Performance for FY2015: 2Q

### ✓ Industrial machinery business:

Although continued steady demand expected in the machine tool and wind turbine sectors, careful observation of demand trends in each sector required.

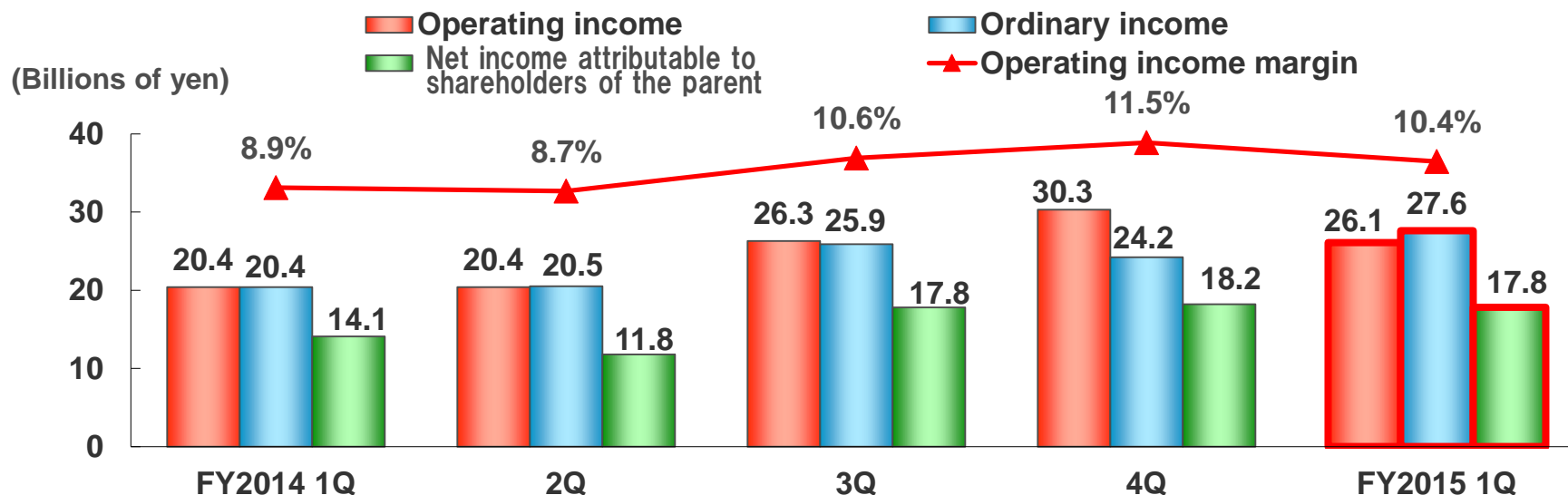
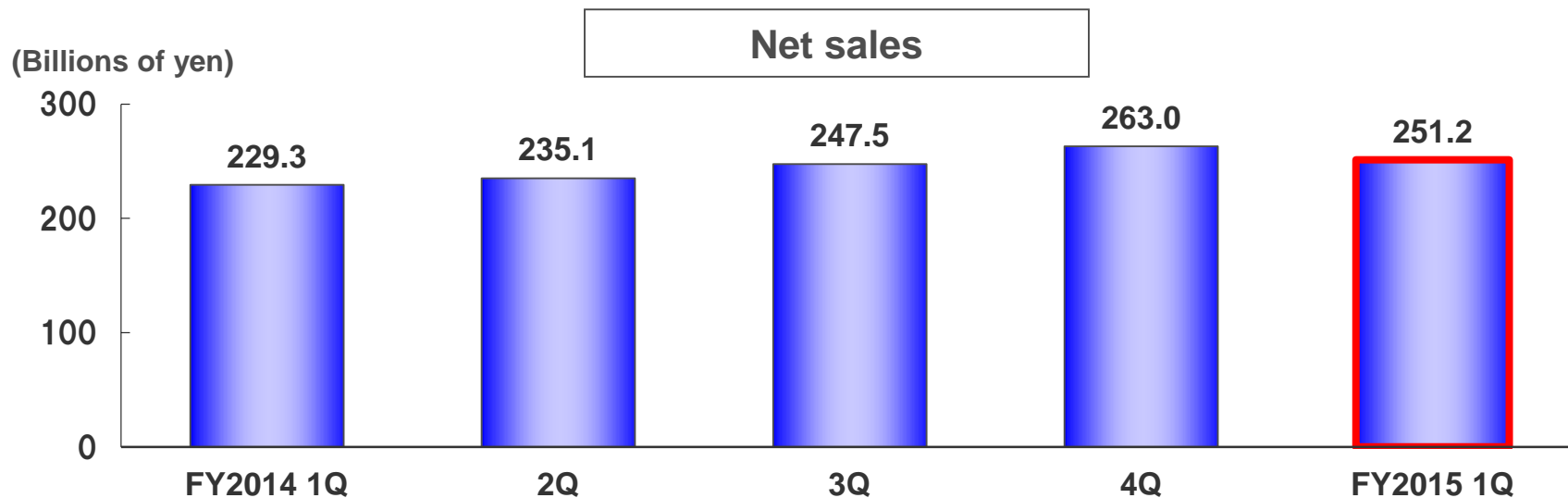
### ✓ Automotive business:

Steady demand in North America, continued recovery phase in Europe, Sluggish demand in Japan and ASEAN, careful observation of sales and production trends in China required.

# Summary of Consolidated Business Results for FY2015: Q1

(Billions of yen)	FY2014			FY2015				
	1Q <Actual>	1 <sup>st</sup> half <Actual>	Full year <Actual>	1Q <Actual>	Increase/ Decrease YOY	% Change	1 <sup>st</sup> half <May 11 FCST>	Full year <May 11 FCST>
Net sales	229.3	464.4	974.9	251.2	+21.9	+9.6%	490.0	1,020.0
Operating income	20.4	40.7	97.3	26.1	+5.7	+27.8%	47.0	102.0
<%>	<8.9%>	<8.8%>	<10.0%>	<10.4%>			<9.6%>	<10.0%>
Ordinary income	20.4	40.9	91.0	27.6	+7.2	+35.3%	46.0	100.0
Income before tax	20.4	37.9	88.0	27.6	+7.2	+35.3%	46.0	100.0
Net income attributable to shareholders of the parent	14.1	25.9	62.0	17.8	+3.7	+26.6%	31.0	70.0
(Ex. rate: US1\$=)	¥102.16	¥103.04	¥109.93	¥121.36			¥115	¥115
( " 1EURO=)	¥140.07	¥138.92	¥138.77	¥134.16			¥125	¥125

# Quarterly Business Performance



1US\$=      ¥102.16                      ¥103.92                      ¥114.53                      ¥119.11                      ¥121.36

1EURO=    ¥140.07                      ¥137.77                      ¥143.06                      ¥134.18                      ¥134.16

# Sales & Operating Income Results by Business Segment

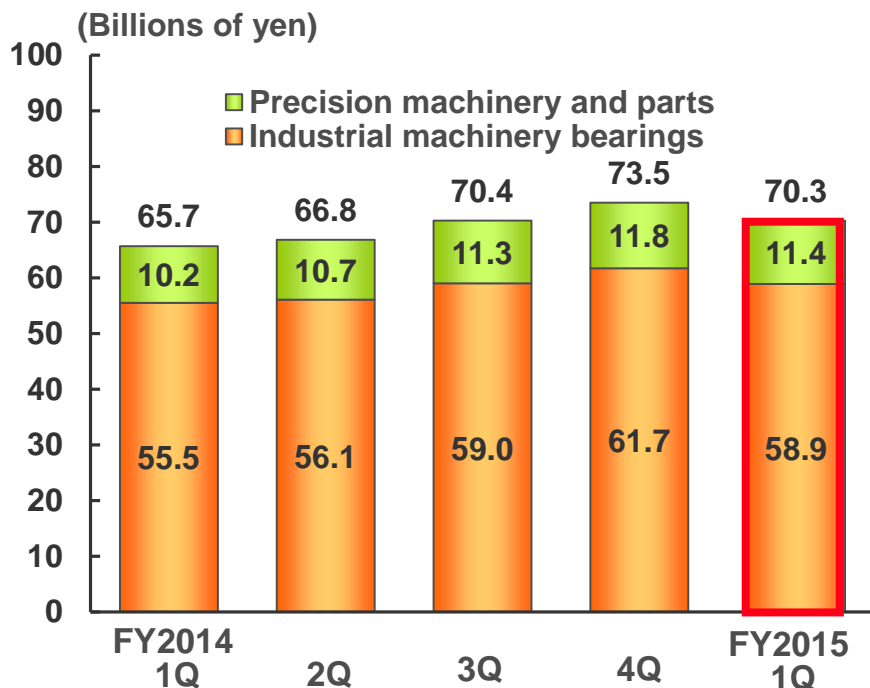
(Billions of yen)		FY2014			FY2015				
		1Q <Actual>	1 <sup>st</sup> half <Actual>	Full year <Actual>	1Q <Actual>	Increase/ Decrease YOY	% Change	1 <sup>st</sup> half <May 11 FCST>	Full year <May 11 FCST>
Total	Net sales	229.3	464.4	974.9	251.2	+21.9	+9.6%	490.0	1,020.0
	Operating income	20.4	40.7	97.3	26.1	+5.7	+27.8%	47.0	102.0
	<%>	8.9%	8.8%	10.0%	10.4%			9.6%	10.0%
Industrial Machinery Business	Net sales	65.7	132.5	276.4	70.3	+4.5	+6.9%	142.5	292.0
	Industrial machinery	55.5	111.7	232.4	58.9	+3.4	+6.1%	119.5	245.0
	bearings								
	Precision machinery and parts	10.2	20.9	44.0	11.4	+1.2	+11.5%	23.0	47.0
	Operating income	7.5	14.5	34.4	9.4	+1.9	+25.1%	18.0	38.0
<%>	11.4%	10.9%	12.4%	13.4%			12.6%	13.0%	
Automotive Business	Net sales	154.6	311.8	657.0	173.5	+19.0	+12.3%	335.0	701.0
	Automotive bearings	73.0	146.3	306.4	78.5	+5.5	+7.5%	153.0	318.5
	Automotive components	81.5	165.5	350.6	95.0	+13.5	+16.5%	182.0	382.5
	Operating income	13.9	28.2	65.7	17.8	+4.0	+28.5%	32.0	70.0
	<%>	9.0%	9.1%	10.0%	10.3%			9.6%	10.0%
Others	Net sales	15.7	34.8	72.9	13.9	-1.8	-11.5%	27.0	54.0
	Operating income	1.1	2.2	5.8	1.1	+0.1	+6.1%	2.0	3.5
	<%>	6.8%	6.2%	7.9%	8.1%			7.4%	6.5%
Eliminations (sales)		-6.7	-14.7	-31.4	-6.5	+0.2		-14.5	-27.0
Eliminations/corporate expenses		-2.1	-4.1	-8.5	-2.3	-0.2		-5.0	-9.5

# Sales & O.I. Results by Business Segment

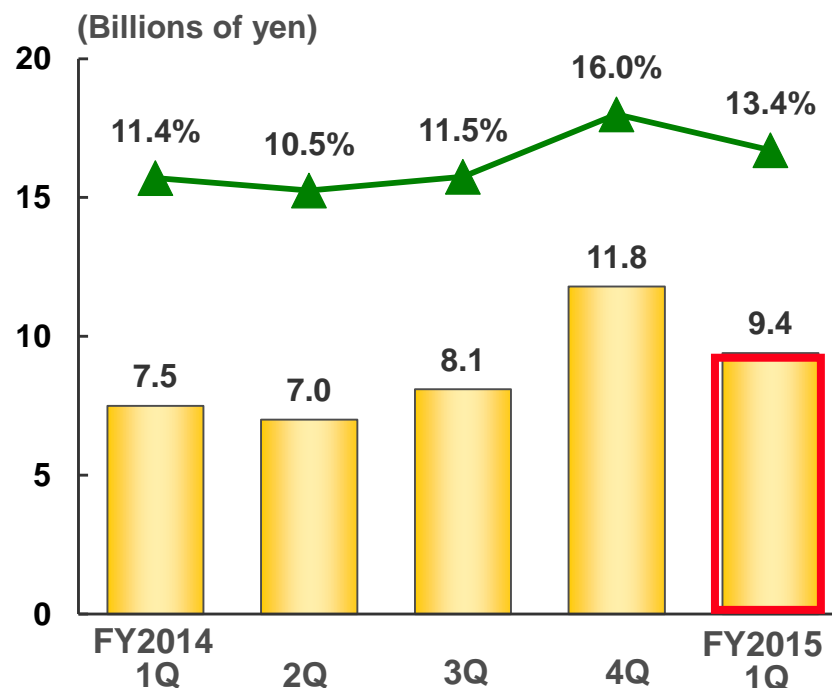
## — Industrial Machinery Business —



### Net Sales



### Operating Income/Margin



### Compared to FY2014 1Q

- Continued steady demand in machine tools and wind turbine sectors. 1Q net sales totaled ¥70.3 billion, a 6.9% YoY increase, assisted by currency impact.
- 1Q operating income totaled ¥9.4 billion, a 25.1% YoY increase, due to lower external procurement costs and depreciation of the Japanese yen, despite increase in labor costs.

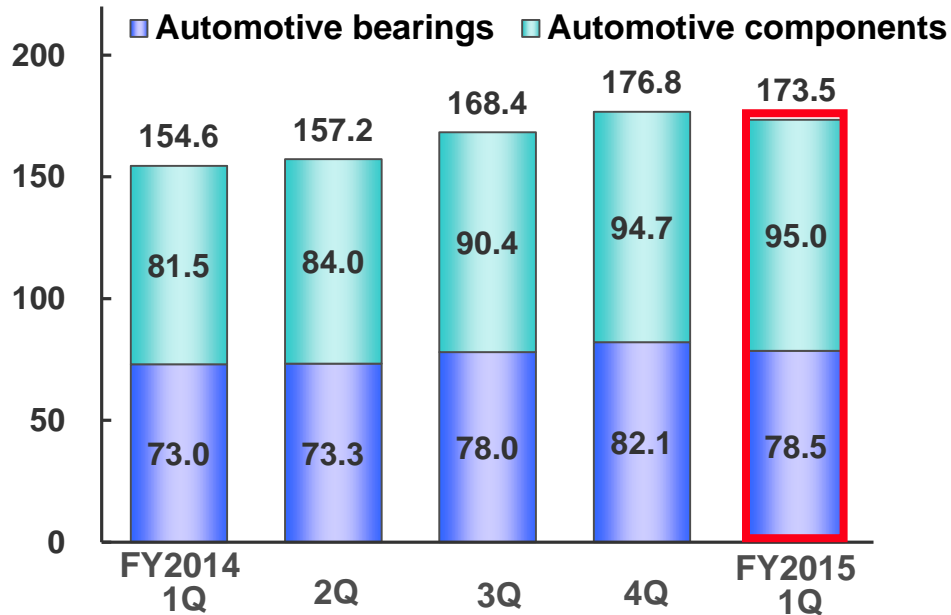
# Sales & O.I. Results by Business Segment

## — Automotive Business —



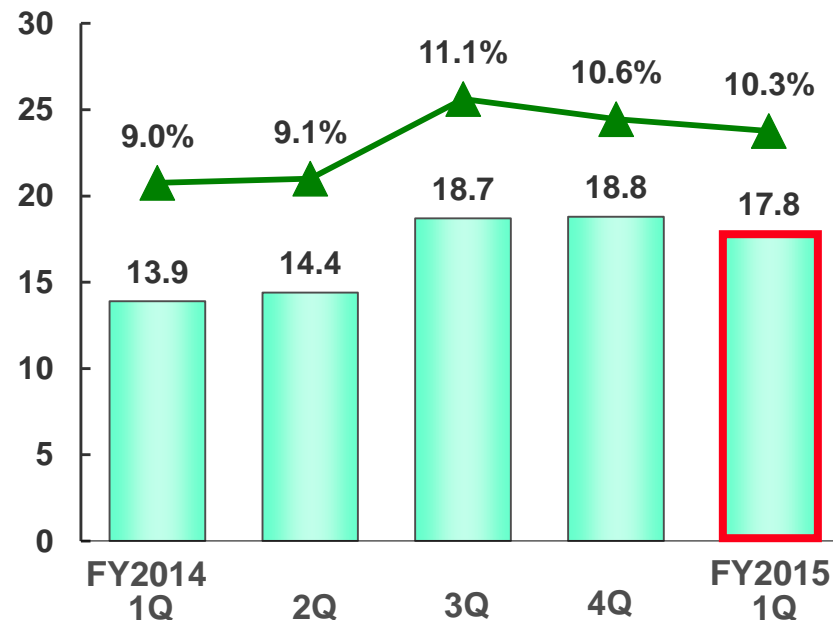
### Net Sales

(Billions of yen)



### Operating Income/Margin

(Billions of yen)



#### Compared to FY2014 1Q

- 1Q net sales totaled ¥173.5 billion, a 12.3% YoY increase due to the strong North American market, and higher demand for electric power steering systems and bearings/components for drive trains.
- Despite negative factors such as reduction in unit price and increase in labor costs, 1Q operating income totaled ¥17.8 billion, a 28.5% YoY increase, due to higher volume, lower external procurement costs, the weaker yen, and other factors.

# Sales Results by Customer Location

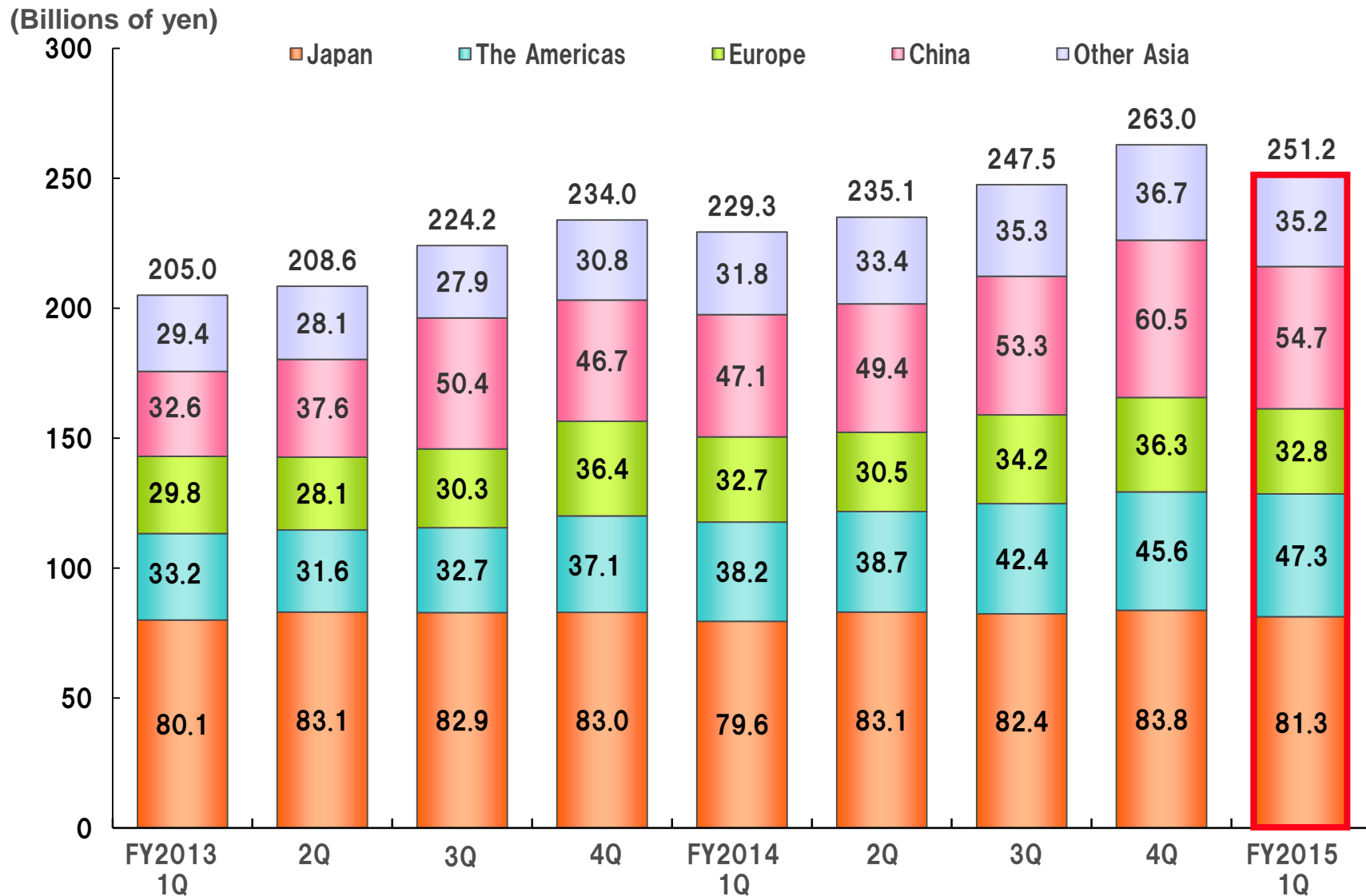


(Billions of yen)	FY2014			FY2015				
	1Q <Actual>	1 <sup>st</sup> half <Actual>	Full year <Actual>	1Q <Actual>	Increase/ Decrease YOY	% Change	1 <sup>st</sup> half <May 11 FCST>	Full year <May 11 FCST>
Net sales	229.3	464.4	974.9	251.2	+21.9	+9.6%	490.0	1,020.0
Japan	79.6	162.6	328.8	81.3	+1.7	+2.2%	164.5	333.5
Non-Japan	149.7	301.7	646.0	169.9	+20.2	+13.5%	325.5	686.5
<Non-Japan ratio>	<65.3%>	<65.0%>	<66.3%>	<67.6%>			<66.4%>	<67.3%>
The Americas	38.2	76.8	164.8	47.3	+9.1	+23.8%	84.0	177.5
Europe	32.7	63.3	133.8	32.8	+0.1	+0.2%	61.0	128.0
China	47.1	96.5	210.2	54.7	+7.6	+16.2%	109.5	232.5
Other Asia	31.8	65.2	137.2	35.2	+3.4	+10.8%	71.0	148.5



# Sales Results by Customer Location

## Net sales by customer location - quarterly performance



# Consolidated Balance Sheet



## Assets

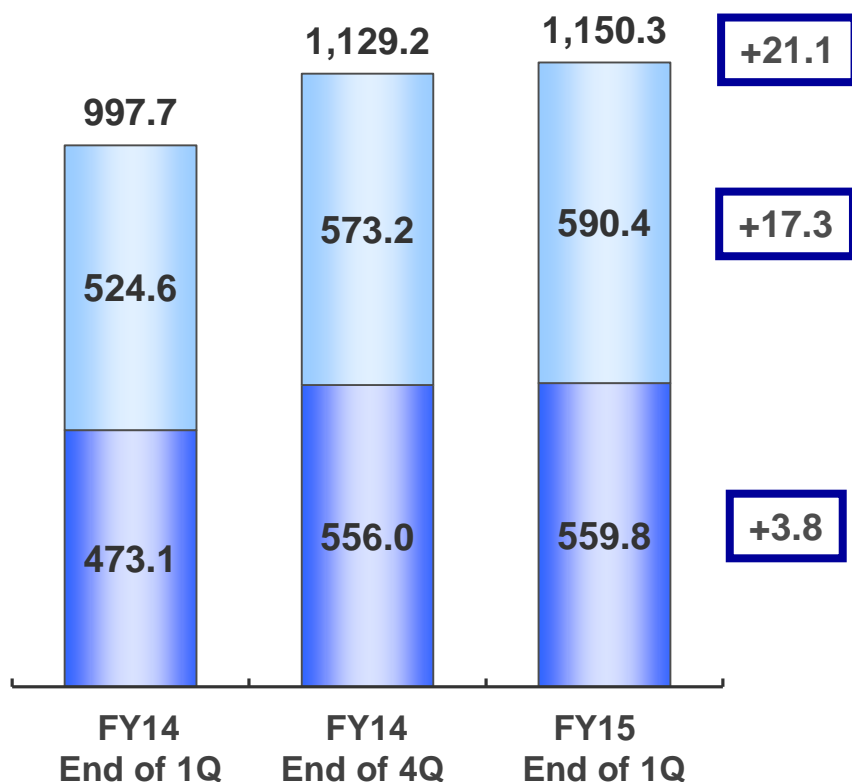
■ Non-current assets ■ Current assets

## Liabilities / Net assets

■ Net assets ■ Non-Current liabilities  
■ Current liabilities ■ Ratio of net worth to total capital

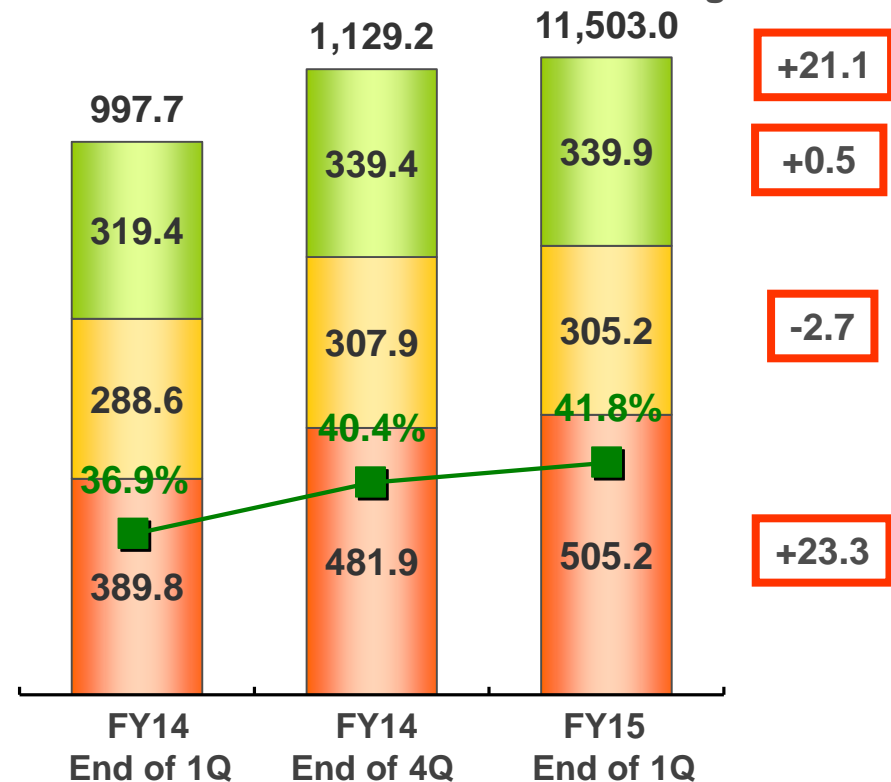
(Billions of yen)

Change from 4Q



(Billions of yen)

Change from 4Q



1USD=	101.36	120.17	122.45
1Euro=	138.31	130.32	137.23

1USD=	101.36	120.17	122.45
1Euro=	138.31	130.32	137.23

# Inventories Interest-bearing Debt

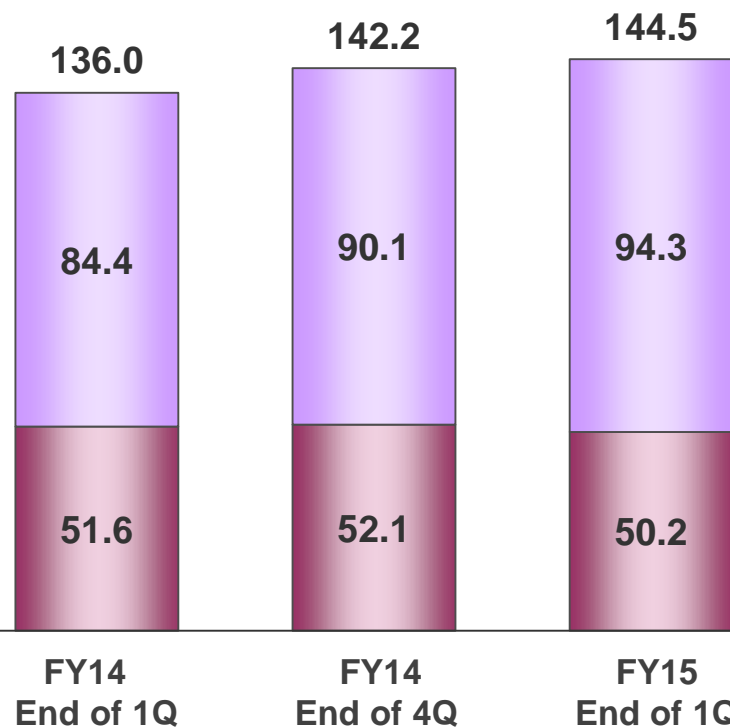


## Inventories

Japan Non-Japan Inventory turnover

(Times)

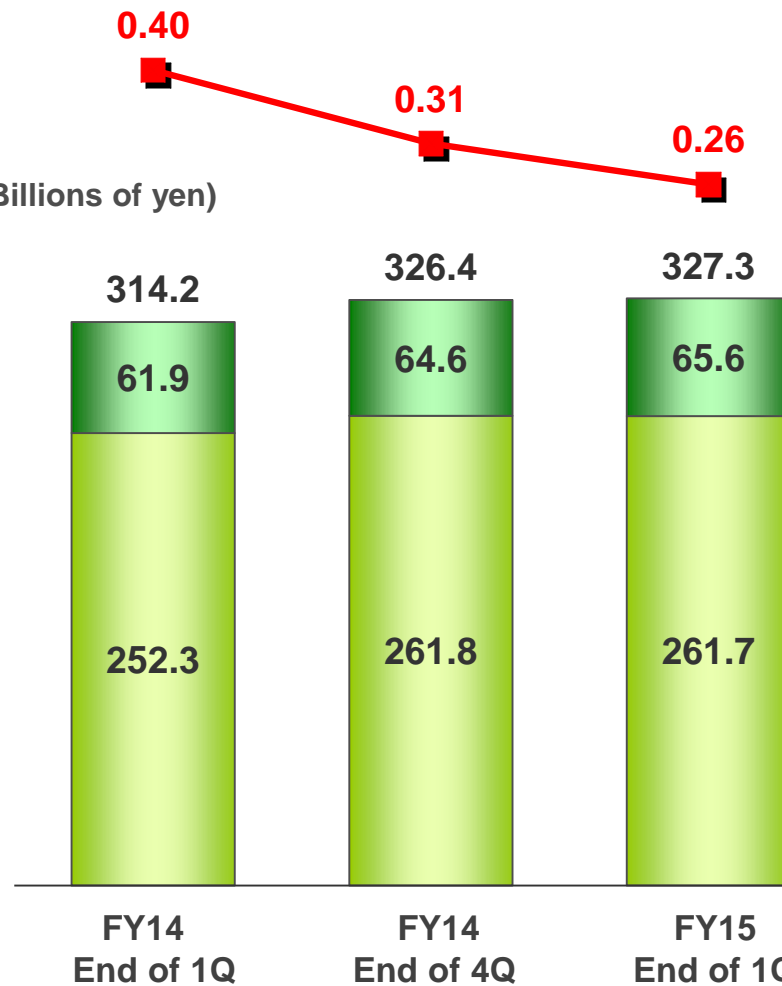
(Billions of yen)



## Interest-bearing debt

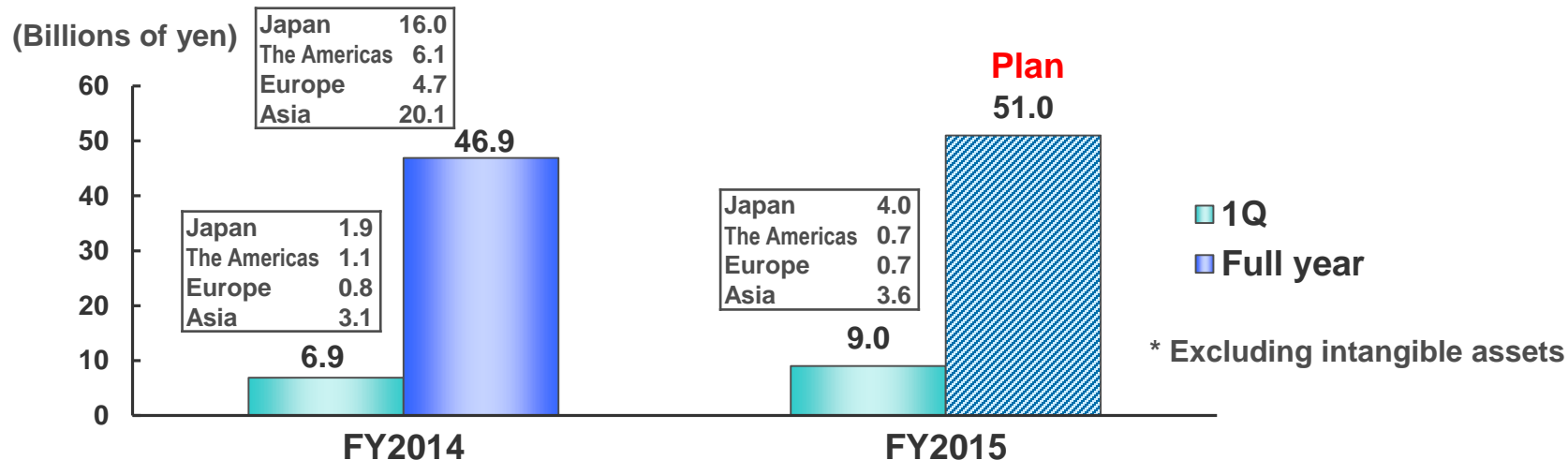
Japan Non-Japan Net D/E ratio

(Billions of yen)

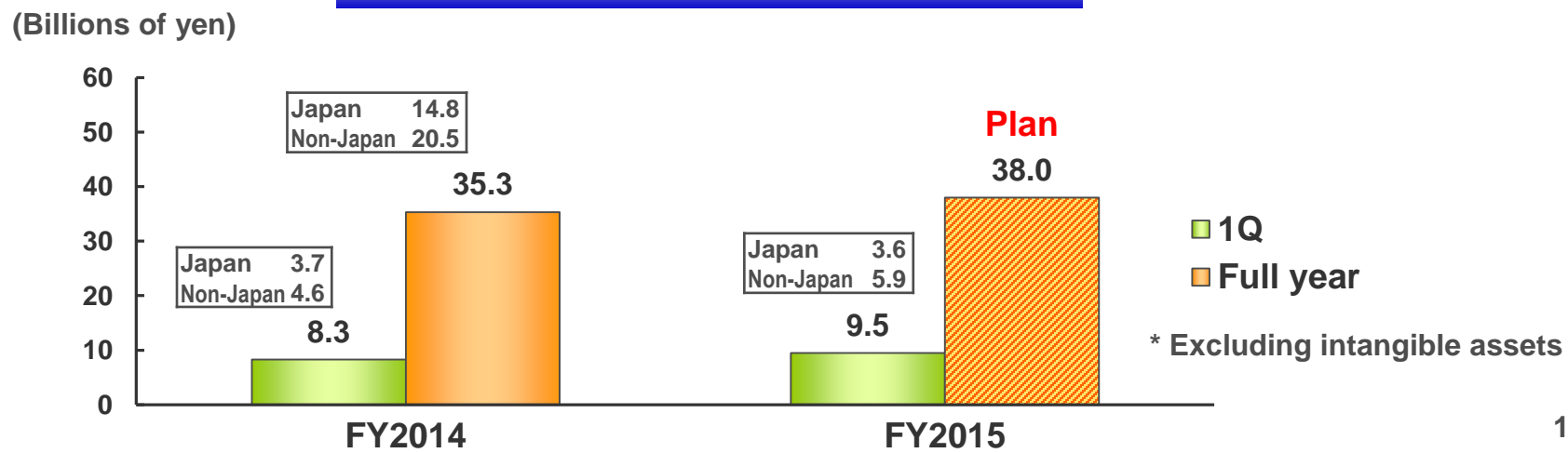


# Capital Expenditure Depreciation

## Capital Expenditure



## Depreciation



# (Supplementary Information) Results by Geographical Segment

(Billions of yen)		FY2014		FY2015			Full year <May 11 FCST>
		1Q <Actual>	Full year <Actual>	1Q <Actual>	Increase/ Decrease YOY	% Change	
Total	Net sales	229.3	974.9	251.2	+21.9	+9.6%	1,020.0
	Operating income	20.4	97.3	26.1	+5.7	+27.8%	102.0
	%	8.9%	10.0%	10.4%			10.0%
Japan	Net sales	123.3	522.7	124.8	+1.5	+1.2%	514.0
	Operating income	8.2	41.0	10.3	+2.2	+26.4%	37.0
	%	6.6%	7.8%	8.3%			7.2%
The Americas	Net sales	36.7	156.7	45.2	+8.5	+23.1%	173.0
	Operating income	2.2	10.5	3.3	+1.1	+48.7%	14.0
	%	6.1%	6.7%	7.4%			8.1%
Europe	Net sales	34.0	138.8	34.2	+0.2	+0.6%	128.5
	Operating income	2.1	11.3	2.2	+0.1	+4.3%	9.0
	%	6.2%	8.2%	6.4%			7.0%
Asia	Net sales	80.6	353.9	94.9	+14.3	+17.7%	392.5
	Operating income	9.8	44.2	12.2	+2.4	+24.6%	51.5
	%	12.1%	12.5%	12.9%			13.1%
Eliminations (sales)		-45.4	-197.4	-47.9	-2.6		-188.0
Eliminations/corporate		-1.9	-9.7	-2.0	-0.1		-9.5

# (Supplementary Information) R&D Expenses / Number of Employees



(Billions of yen)	FY2014				FY2015	
	1Q	2Q	3Q	4Q	1Q	Full year (Plan)
R&D expenses	2.5	2.9	2.6	2.7	2.6	11.0

(Headcount)	FY2014				FY2015
	1Q	2Q	3Q	4Q	1Q
Total:	30,837	31,131	31,299	31,088	31,467
Japan	11,277	11,185	11,113	11,036	11,092
The Americas	3,080	3,205	3,278	3,294	3,291
Europe	3,481	3,529	3,584	3,563	3,565
Asia	12,999	13,212	13,324	13,195	13,519