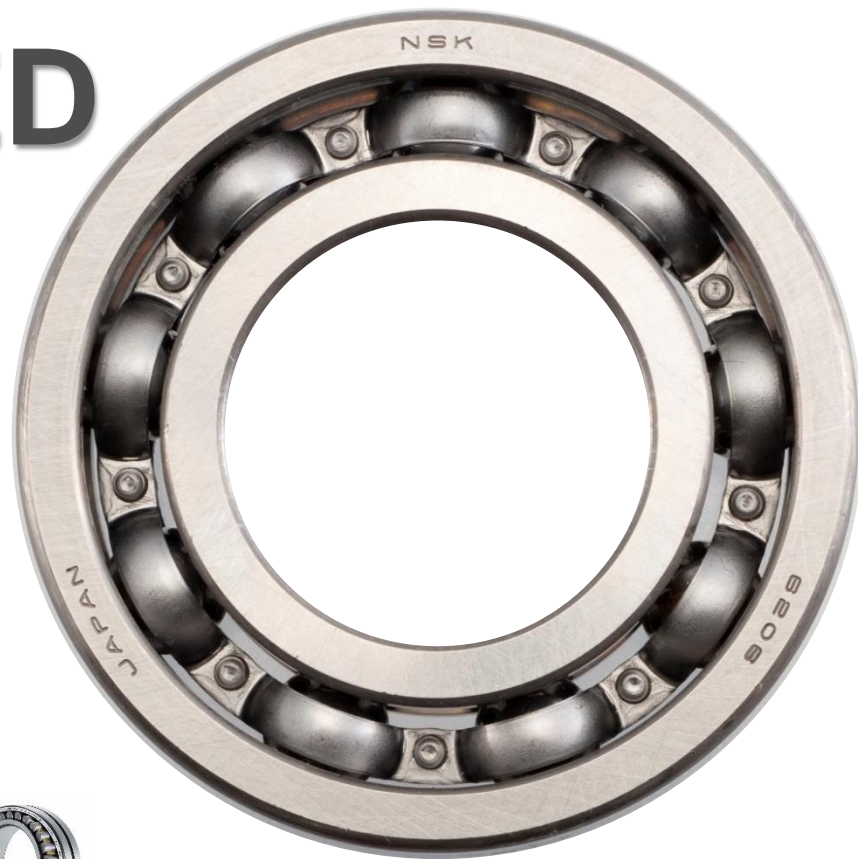


# NSK

## CONSOLIDATED BUSINESS RESULTS

FOR THE FIRST QUARTER  
ENDED JUNE 30, 2017

August 1, 2017  
NSK Ltd.



### 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 FY2017: Q1



## Business Results for FY2017: Q1

### ✓ Consolidated Business Results for FY2017: Q1 (Apr.-Jun.)

(From FY2016: Q1)

Net Sales :	¥ 243.8 billion	( +¥12.0 billion / +5.2% )
Operating Income :	¥ 23.3 billion	( +¥8.7 billion / +59.3% )
Net Income Attributable to Owners of the Parent :	¥ 16.5 billion	( +¥4.9 billion / +42.2% )

<Reference> Segment Income\* : ¥ 24.0 billion ( +¥3.6 billion / +17.5% )

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

- ✓ YOY: Both net sales and operating income increased. Higher volume in both automotive and industrial machinery businesses.
- ✓ Effect of Forex: Sales +¥1.5 billion, Operating income +¥1.1 billion.
- ✓ Other operating expenses: Q1 total (loss) ¥0.7 billion, YOY -¥5.1 billion (OI increase)

## Business Environment and Management Policies for FY2017 Q2 Onward

- ✓ Industrial machinery business: Demand recovery to continue. (machine tools, semiconductors, etc.) Will work to capitalize on volume recovery and increased sales opportunities.
- ✓ Automotive business: Market trend generally solid, despite production adjustment in the US. Growth in automatic transmission / bearing sales to compensate for negative impact of vehicle model changes.
- ✓ Absorb and recover higher costs (raw materials, labor) through price increases and productivity improvements.

# Summary of Consolidated Business Results for FY2017: Q1

(Billions of yen)	FY2016			FY2017				
	Q1 <Actual>	1 <sup>st</sup> half <Actual>	Full year <Actual>	Q1 <Actual>	Increase/ Decrease YOY	% Change	1 <sup>st</sup> half <FCST>	Full year <FCST>
Net sales	231.8	455.6	949.2	243.8	+12.0	+5.2%	474.0	960.0
Operating income	14.6	27.3	65.3	23.3	+8.7	+59.3%	39.0	82.0
<%>	<6.3%>	<6.0%>	<6.9%>	<9.6%>			<8.2%>	<8.5%>
Income before income taxes	14.7	26.5	63.6	23.6	+8.9	+60.7%	38.5	81.0
Net income attributable to owners of the Parent	11.6	19.9	45.6	16.5	+4.9	+42.2%	27.0	56.0
(Ex. rate: 1USD=)	108.25	105.35	108.42	111.10	+2.85	+2.6%	105	105
( " 1EUR=)	122.17	118.22	118.84	122.19	+0.02	+0.0%	115	115
( " 1CNY=)	16.54	15.95	16.11	16.21	-0.33	-2.0%	15.7	15.7

**\*Reference :** Segment Income : Operating income before deduction of other operating expenses  
Other operating expenses : Antimonopoly Act -related losses, foreign exchange losses

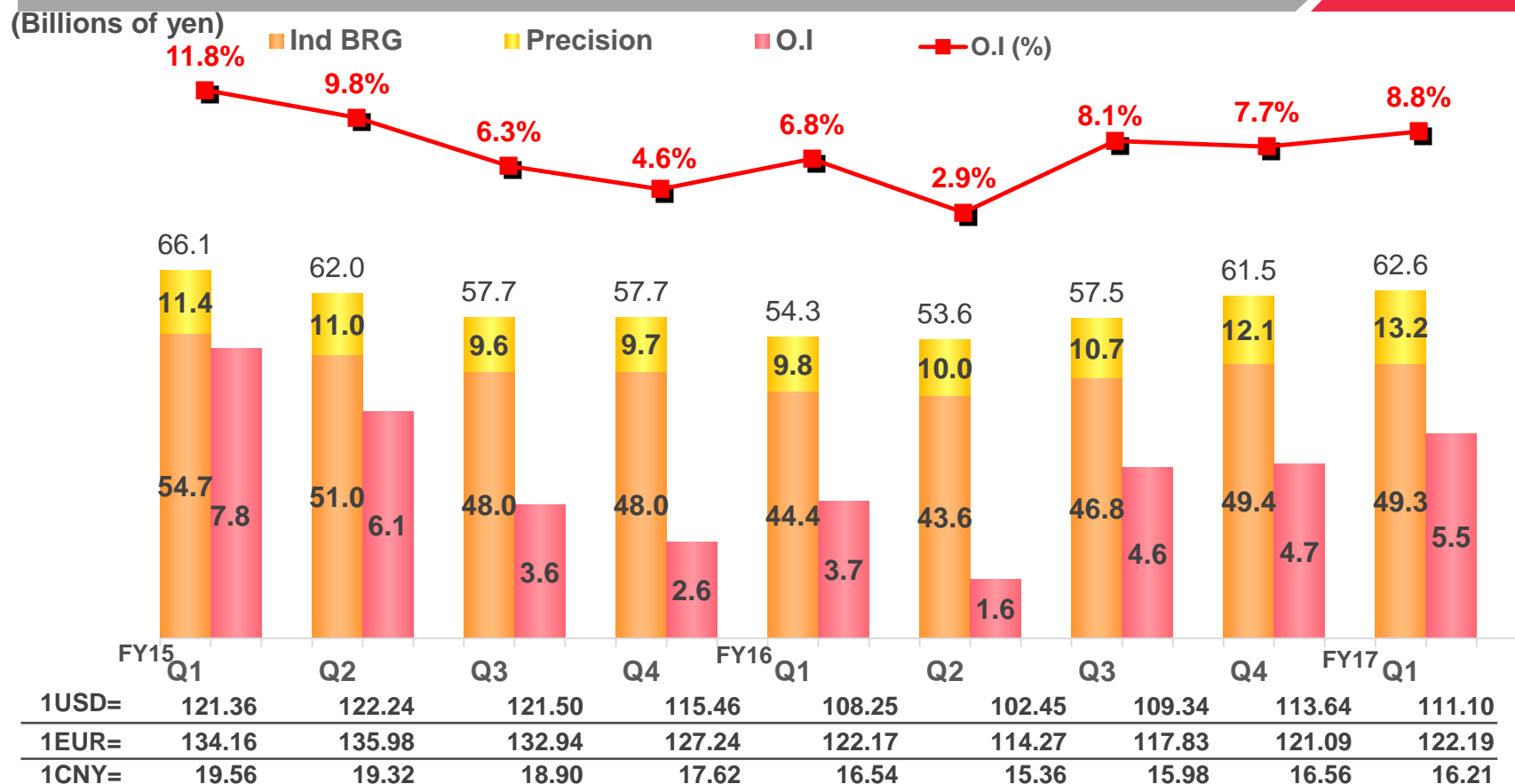
Segment Income	20.4	35.0	83.8	24.0	+3.6	+17.5%		
<%>	<8.8%>	<7.7%>	<8.8%>	<9.8%>				

# Sales & Operating Income Results by Business Segment

(Billions of yen)		FY2016			FY2017				
		Q1 <Actual>	1 <sup>st</sup> half <Actual>	Full year <Actual>	Q1 <Actual>	Increase/ Decrease YOY	% Change	1 <sup>st</sup> half <FCST>	Full year <FCST>
Total	Net sales	231.8	455.6	949.2	243.8	+12.0	+5.2%	474.0	960.0
	Operating income	14.6	27.3	65.3	23.3	+8.7	+59.3%	39.0	82.0
	<%>	6.3%	6.0%	6.9%	9.6%			8.2%	8.5%
Industrial Machinery Business	Net sales	54.3	107.9	226.9	62.6	+8.3	+15.3%	116.0	233.5
	Industrial machinery bearings	44.4	88.0	184.3	49.3	+4.9	+11.1%	93.0	187.5
	Precision machinery and parts	9.8	19.8	42.7	13.2	+3.4	+34.5%	23.0	46.0
	Operating income	3.7	5.3	14.7	5.5	+1.8	+49.0%	8.0	17.5
	<%>	6.8%	4.9%	6.5%	8.8%			6.9%	7.5%
Automotive Business	Net sales	171.2	335.4	696.3	174.2	+3.0	+1.8%	344.0	698.0
	Automotive bearings	81.0	157.8	328.0	84.2	+3.2	+3.9%	168.5	343.0
	Automotive components	90.1	177.6	368.3	89.9	-0.2	-0.2%	175.5	355.0
	Operating income	15.9	28.1	64.6	17.2	+1.3	+8.1%	30.0	62.5
	<%>	9.3%	8.4%	9.3%	9.9%			8.7%	9.0%
Others	Net sales	11.5	23.8	52.9	13.0	+1.5	+13.1%	26.0	53.5
	Operating income	0.7	1.5	4.4	1.2	+0.5	+64.5%	2.0	4.0
	<%>	6.5%	6.4%	8.4%	9.4%			7.7%	7.5%
Eliminations (sales)		-5.1	-11.5	-26.9	-5.9	-0.8		-12.0	-25.0
Other operating expenses / Eliminations		-5.7	-7.6	-18.3	-0.6	5.1		-1.0	-2.0

# Sales & O.I. Results by Business Segment

## — Industrial Machinery Business —



- ✓ YOY: Sales +15% (of which 14% came from volume increase), Operating Income +49%
- ✓ Recovery from FY16 Q3 continued.
- ✓ Strong sales in the machine tool, semi-conductor, pump and compressor, and construction sectors.
- ✓ Robust trend emerged in precision machinery and parts market. Quarterly sales exceeded ¥13.0 billion for the first time since FY08 Q2.

# Sales & O.I. Results by Business Segment

## — Automotive Business —



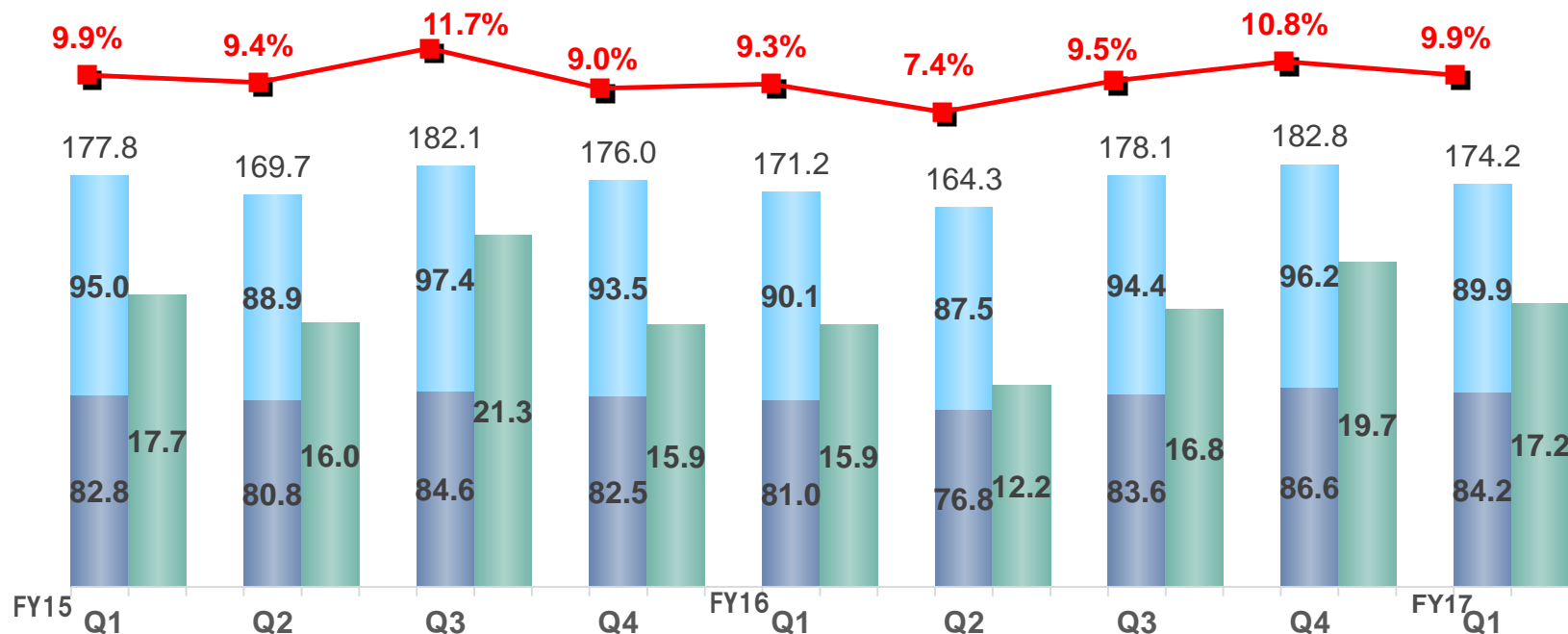
(Billions of yen)

■ Auto BRG

■ Auto Comp

■ O.I

■ O.I (%)



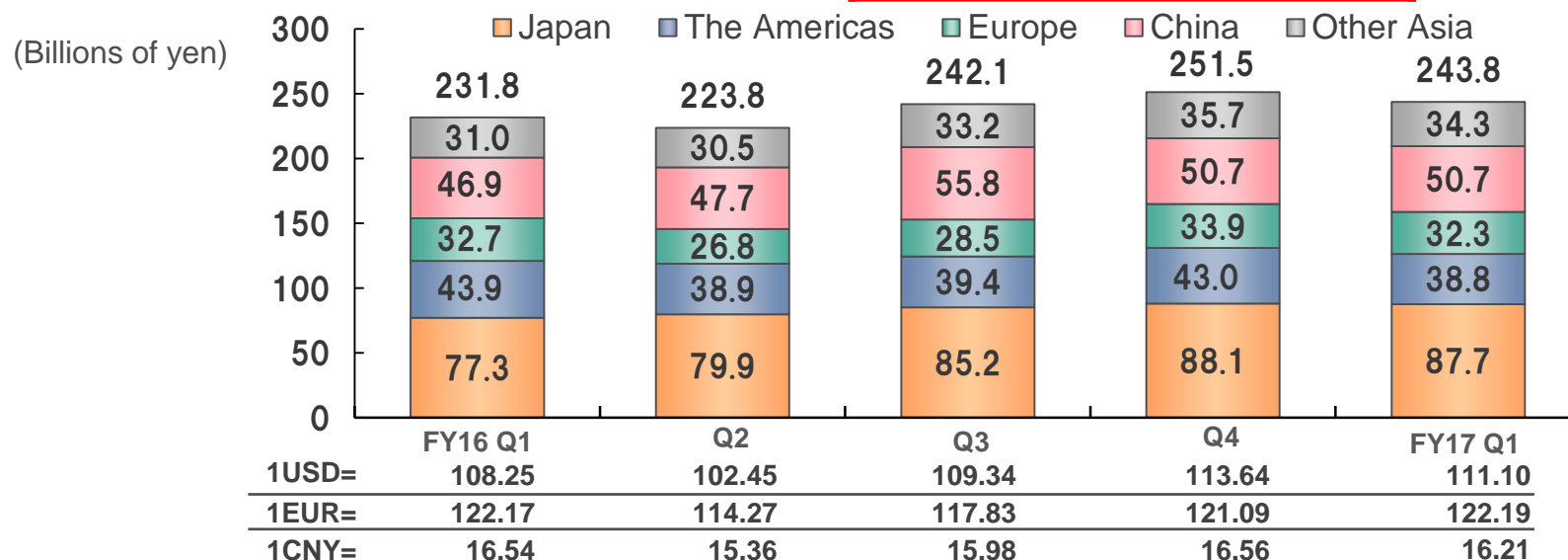
1USD=	121.36	122.24	121.50	115.46	108.25	102.45	109.34	113.64	111.10
1EUR=	134.16	135.98	132.94	127.24	122.17	114.27	117.83	121.09	122.19
1CNY=	19.56	19.32	18.90	17.62	16.54	15.36	15.98	16.56	16.21

- ✓ YOY: Sales +2% (of which 1% came from volume increase), Operating Income +8%
- ✓ Japan: Strong growth in sales, +11% vs. FY16 Q1. Higher sales of AT-related products.
- ✓ NA: Decreased due to decline in automobile production and vehicle model changes.
- ✓ China: Increased by 4% vs. FY16 Q1 despite production adjustments by certain automakers and the weaker CNY.

# Sales Results by Customer Location



(Billions of yen)	FY2016			FY2017				
	Q1 <Actual>	1 <sup>st</sup> half <Actual>	Full year <Actual>	Q1 <Actual>	Increase/ Decrease YOY	% Change	1 <sup>st</sup> half <FCST>	Full year <FCST>
Net sales	231.8	455.6	949.2	243.8	+12.0	+5.2%	474.0	960.0
Japan	77.3	157.2	330.5	87.7	+10.4	+13.4%	174.5	354.0
Non-Japan	154.5	298.4	618.7	156.1	+1.6	+1.1%	299.5	606.0
<Non-Japan ratio>	<66.6%>	<65.5%>	<65.2%>	<64.0%>			<63.2%>	<63.1%>
The Americas	43.9	82.7	165.2	38.8	-5.0	-11.4%	75.0	152.0
Europe	32.7	59.5	121.9	32.3	-0.4	-1.2%	59.5	122.0
China	46.9	94.7	201.2	50.7	+3.7	+8.0%	100.5	201.5
Other Asia	31.0	61.5	130.4	34.3	+3.3	+10.6%	64.5	130.5



# Consolidated Balance Sheet



## Assets

## Liabilities / Total equity

■ Current assets ■ Non-current assets

■ Ratio of net worth to total capital

■ Current liabilities

■ Non-Current liabilities

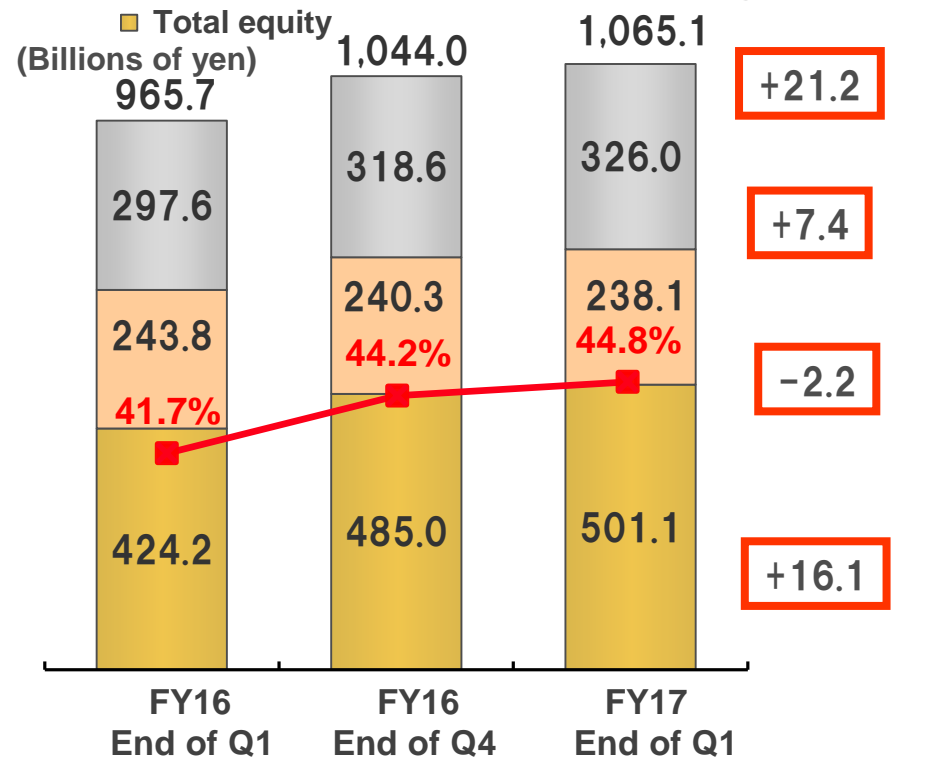
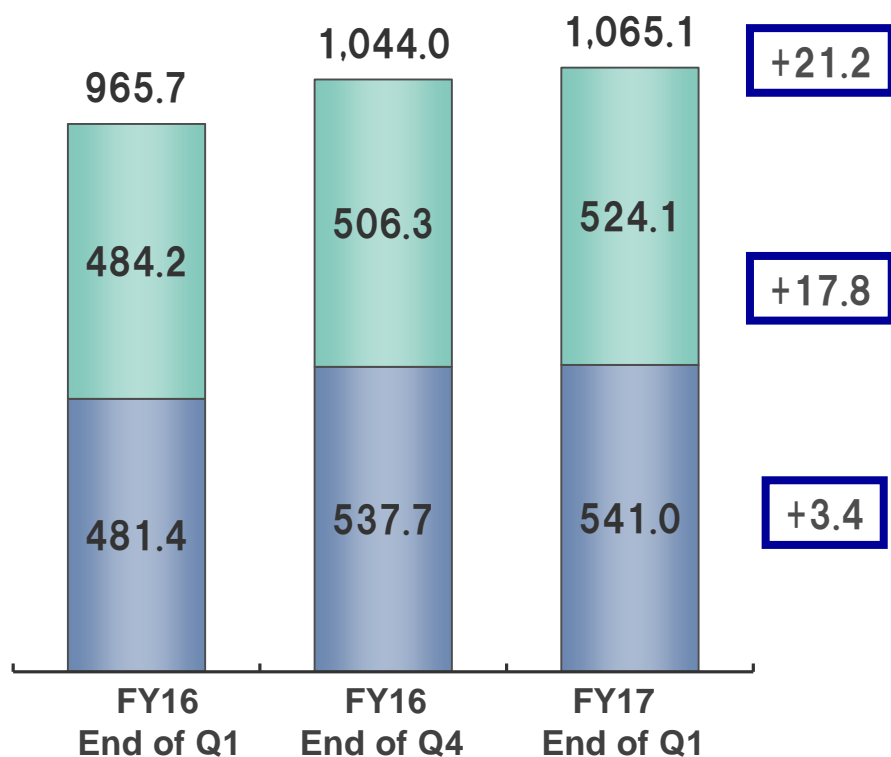
■ Total equity

(Billions of yen)

Change from Q4

(Billions of yen)

Change from Q4



Ex. Rate	FY16 End of Q1	FY16 End of Q4	FY17 End of Q1
1USD=	102.96	112.20	112.00
1EUR=	114.36	119.78	127.95
1CNY=	15.46	16.29	16.49



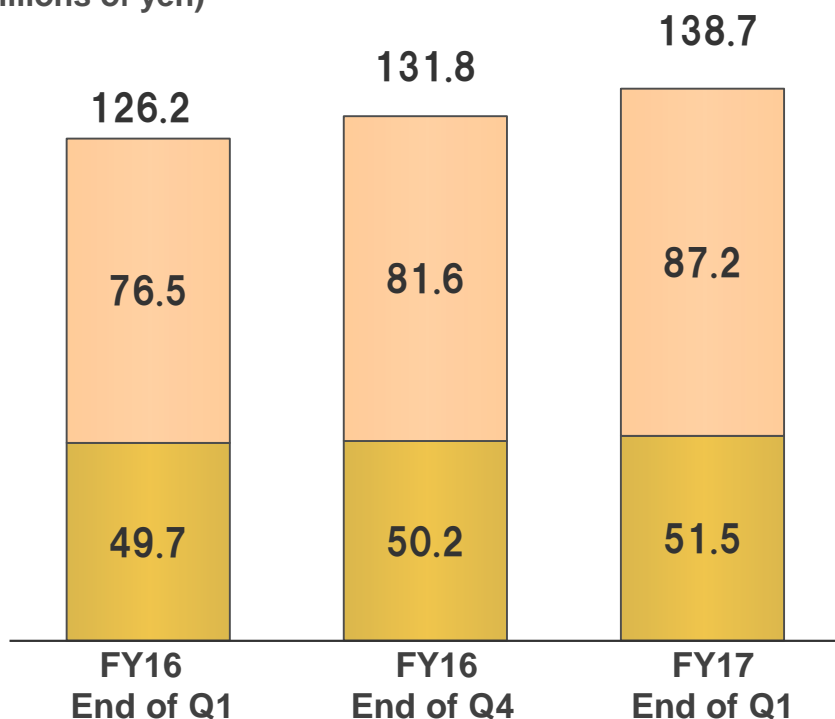
# Inventories / Interest-bearing Debt

## Inventories

■ Japan 
 ■ Non-Japan 
 ■ Inventory turnover



(Billions of yen)

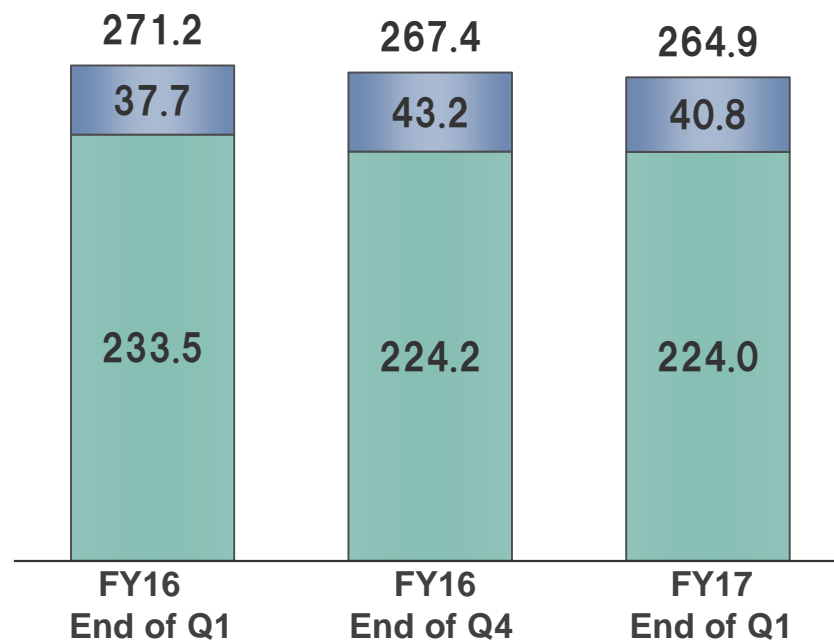


## Interest-bearing debt

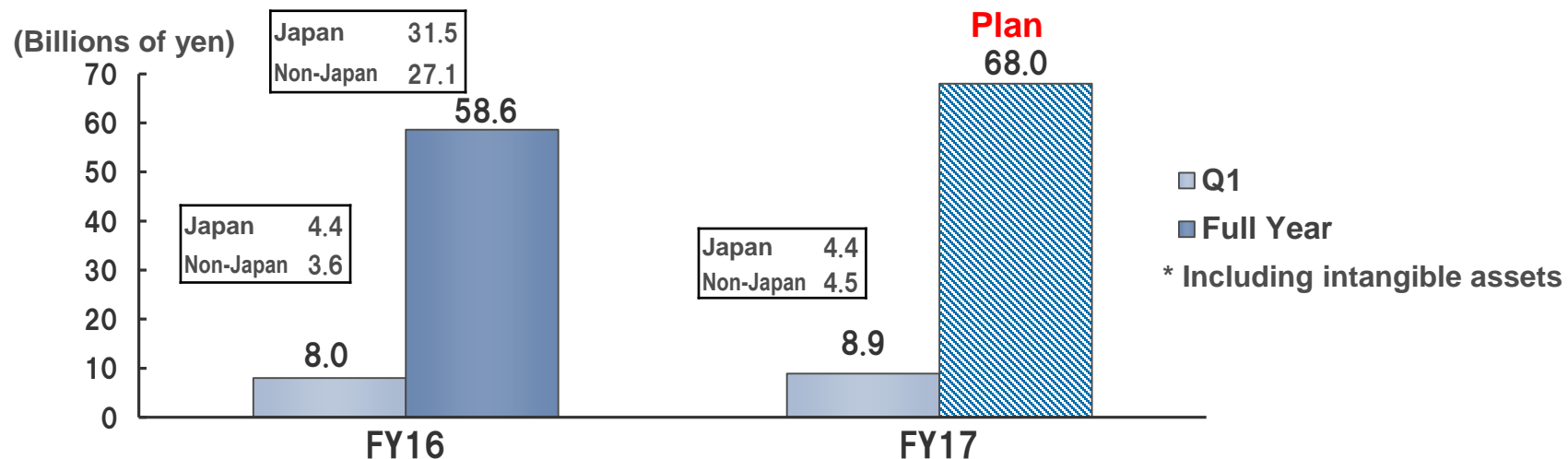
■ Japan 
 ■ Non-Japan 
 ■ Net D/E ratio



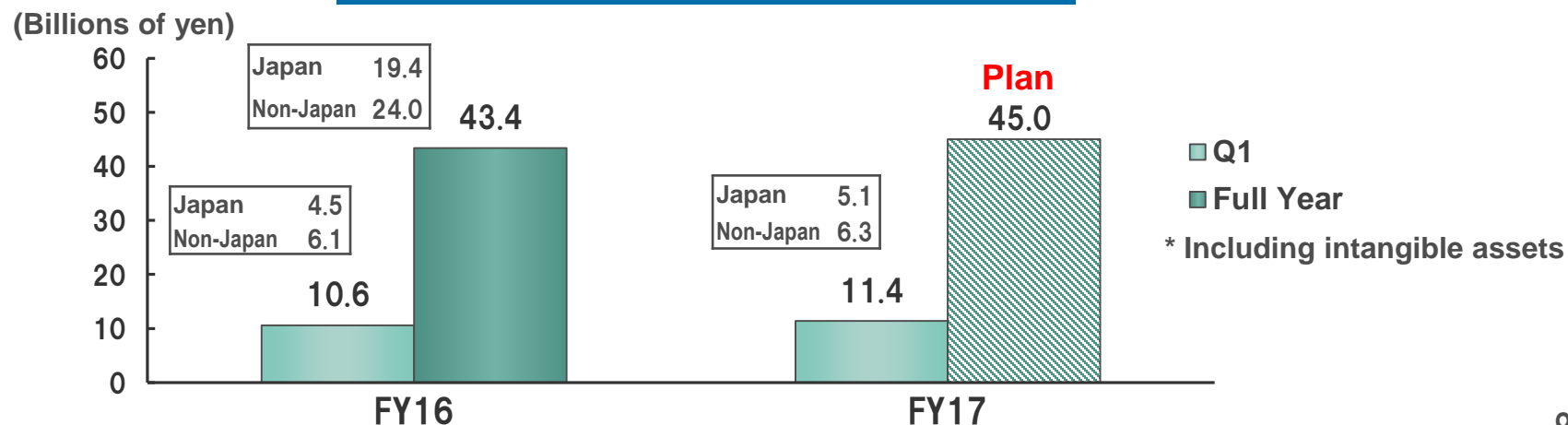
(Billions of yen)



## Capital Expenditure



## Depreciation



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



(Billions of yen)	FY2016					FY2017	
	Q1	Q2	Q3	Q4	Full year	Q1	Full year (Plan)
R&D expenses	2.8	3.2	3.2	4.6	13.9	3.8	15.0

(Headcount)	FY2016				FY2017
	Q1	Q2	Q3	Q4	Q1
Total:	31,701	31,544	31,545	31,501	31,614
Japan	11,503	11,419	11,363	11,291	11,575
The Americas	3,183	3,150	3,105	3,065	3,048
Europe	3,528	3,520	3,638	3,667	3,695
Asia	13,487	13,455	13,439	13,478	13,296