

NSK

CONSOLIDATED BUSINESS RESULTS

FOR THE THIRD QUARTER
ENDED DECEMBER 31, 2017

February 2, 2018
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

Business Results for FY2017: Q3

✓ Consolidated Business Results for FY2017: Q3

	Q3 (Oct. – Dec.)	(vs. FY2016:Q3)	Q3 YTD (Apr. – Dec.)	(vs. FY2016: Q3 YTD)
Net Sales	¥ 264.3 billion	(+¥ 22.3 billion / +9.2%)	¥ 757.7 billion	(+¥ 60.0 billion / +8.6%)
Operating Income (O.I%)	¥ 27.9 billion (10.6%)	(+¥ 10.3 billion / +58.0%) (+3.3p)	¥ 70.7 billion (9.3%)	(+¥ 25.7 billion / +57.0%) (+2.9p)
Net Income Attributable to Owners of the Parent	¥ 19.7 billion	(+¥ 9.3 billion / +89.2%)	¥ 48.1 billion	(+¥ 17.8 billion / +58.8%)
Segment Income*	¥ 28.3 billion	(+¥ 5.6 billion / +24.9%)	¥ 72.5 billion	(+¥ 14.9 billion / +25.8%)

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

- ✓ YOY: Substantial increase in both sales and profit. Recovered double-digit quarterly O.I%.
- ✓ Record quarterly sales and net income.

Current demand environment and FY2017 Forecast

- ✓ Industrial machinery business: Strong demand. Business environment remains robust.
- ✓ Automotive business: Moderate growth on a global basis. Driven by AT-related business.
- ✓ FY2017 forecast: No change from the revised forecast as of November. Need to watch foreign exchange movements.

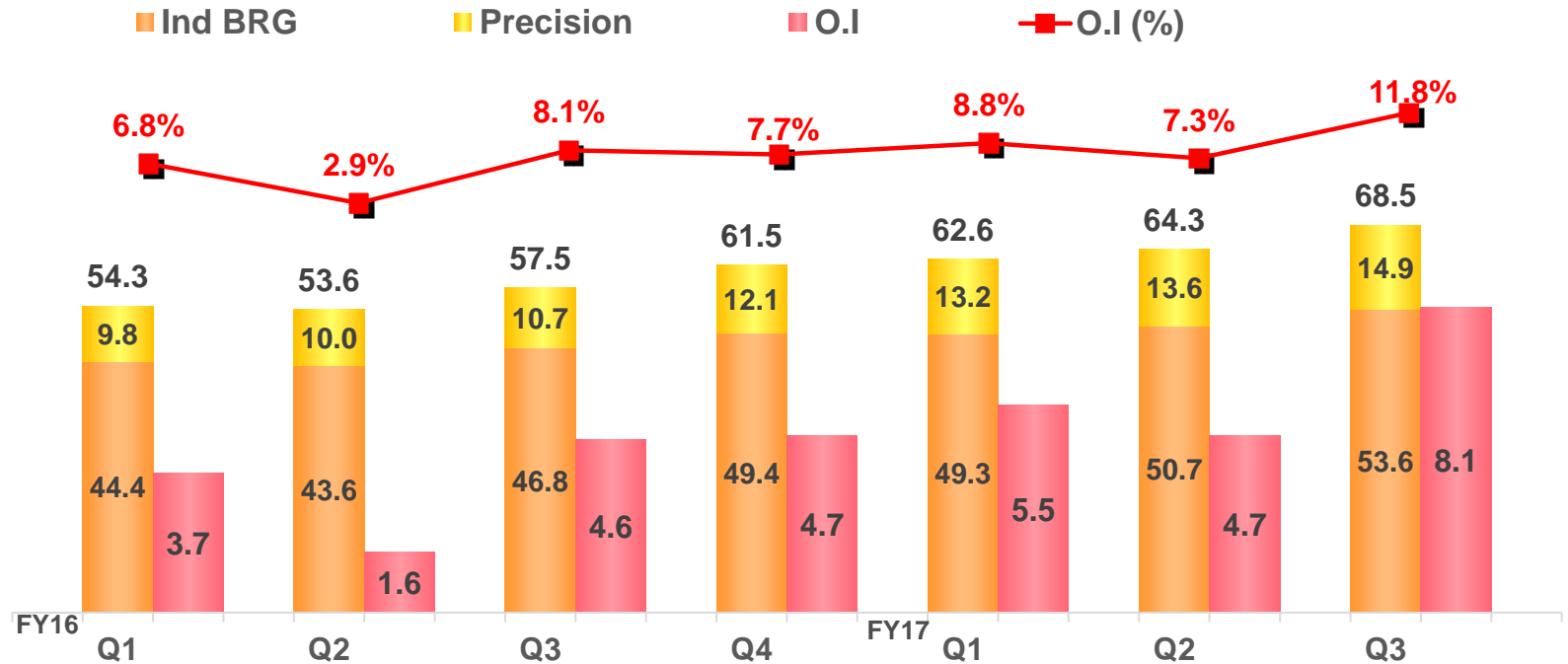
Summary of Consolidated Business Results for FY2017: Q3

(Billions of yen)	FY2016			FY2017						
	Q3 <Actual>	Apr-Dec <Actual>	Full year <Actual>	Q3 <Actual>	Increase/ Decrease YOY	Difference YOY	Apr-Dec <Actual>	Increase/ Decrease YOY	Difference YOY	Full year <Nov. Fcst>
Net sales	242.1	697.7	949.2	264.3	+22.3	+9.2%	757.7	+60.0	+8.6%	1,000.0
Operating income	17.7	45.0	65.3	27.9	+10.3	+58.0%	70.7	+25.7	+57.0%	92.0
<%>	<7.3%>	<6.5%>	<6.9%>	<10.6%>			<9.3%>			<9.2%>
Income before income taxes	17.5	44.0	63.6	28.0	+10.5	+59.9%	70.4	+26.4	+60.0%	91.0
Net income attributable to owners of the parent	10.4	30.3	45.6	19.7	+9.3	+89.2%	48.1	+17.8	+58.8%	62.0
(Ex. rate:1USD=)	109.34	106.68	108.42	112.99	+3.65	+3.3%	111.71	+5.03	+4.7%	110.54
(" 1EUR=)	117.83	118.09	118.84	133.01	+15.18	+12.9%	128.53	+10.44	+8.8%	125.65
(" 1CNY=)	15.98	15.96	16.11	17.08	+1.10	+6.9%	16.64	+0.68	+4.3%	16.41
*Reference: Segment Income : Operating income before deduction of other operating expenses Other operating expenses : Antimonopoly Act -related losses, foreign exchange losses										
Segment income	22.7	57.6	83.8	28.3	+5.6	+24.9%	72.5	+14.9	+25.8%	
<%>	<9.4%>	<8.3%>	<8.8%>	<10.7%>			<9.6%>			

Sales & Operating Income Results by Business Segment

(Billions of yen)		FY2016			FY2017						
		Q3 <Actual>	Apr-Dec <Actual>	Full year <Actual>	Q3 <Actual>	Increase/ Decrease YOY	Difference YOY	Apr-Dec <Actual>	Increase/ Decrease YOY	Difference YOY	Full year <Nov. Fcst>
Total	Net sales	242.1	697.7	949.2	264.3	+22.3	+9.2%	757.7	+60.0	+8.6%	1,000.0
	Operating income	17.7	45.0	65.3	27.9	+10.3	+58.0%	70.7	+25.7	+57.0%	92.0
	<%>	7.3%	6.5%	6.9%	10.6%			9.3%			9.2%
Industrial Machinery Business	Net sales	57.5	165.4	226.9	68.5	+11.0	+19.2%	195.5	+30.1	+18.2%	259.0
	Industrial Machinery Bearings	46.8	134.8	184.3	53.6	+6.8	+14.5%	153.7	+18.8	+14.0%	204.0
	Precision Machinery and Parts	10.7	30.6	42.7	14.9	+4.2	+39.3%	41.8	+11.2	+36.8%	55.0
	Operating income	4.6	9.9	14.7	8.1	+3.4	+73.8%	18.3	+8.4	+84.4%	25.5
	<%>	8.1%	6.0%	6.5%	11.8%			9.4%			9.8%
Automotive Business	Net sales	178.1	513.5	696.3	187.8	+9.7	+5.5%	540.0	+26.5	+5.2%	713.0
	Automotive Bearings	83.6	241.4	328.0	91.5	+7.8	+9.4%	262.0	+20.6	+8.6%	350.0
	Automotive Components	94.4	272.1	368.3	96.3	+1.9	+2.0%	277.9	+5.8	+2.1%	363.0
	Operating income	16.8	44.9	64.6	18.6	+1.8	+10.5%	49.8	+4.9	+10.9%	64.0
	<%>	9.5%	8.7%	9.3%	9.9%			9.2%			9.0%
Others	Net sales	14.0	37.9	52.9	15.2	+1.2	+8.3%	41.9	+4.0	+10.6%	56.0
	Operating income	1.1	2.7	4.4	1.5	+0.4	+35.0%	4.1	+1.5	+54.7%	5.3
	<%>	8.1%	7.0%	8.4%	10.1%			9.8%			9.5%
Eliminations (sales)		-7.5	-19.1	-26.9	-7.2	+0.3		-19.6	-0.6		-28.0
Other operating expenses / Adjustments		-4.9	-12.5	-18.3	-0.3	+4.7		-1.6	+10.9		-2.8

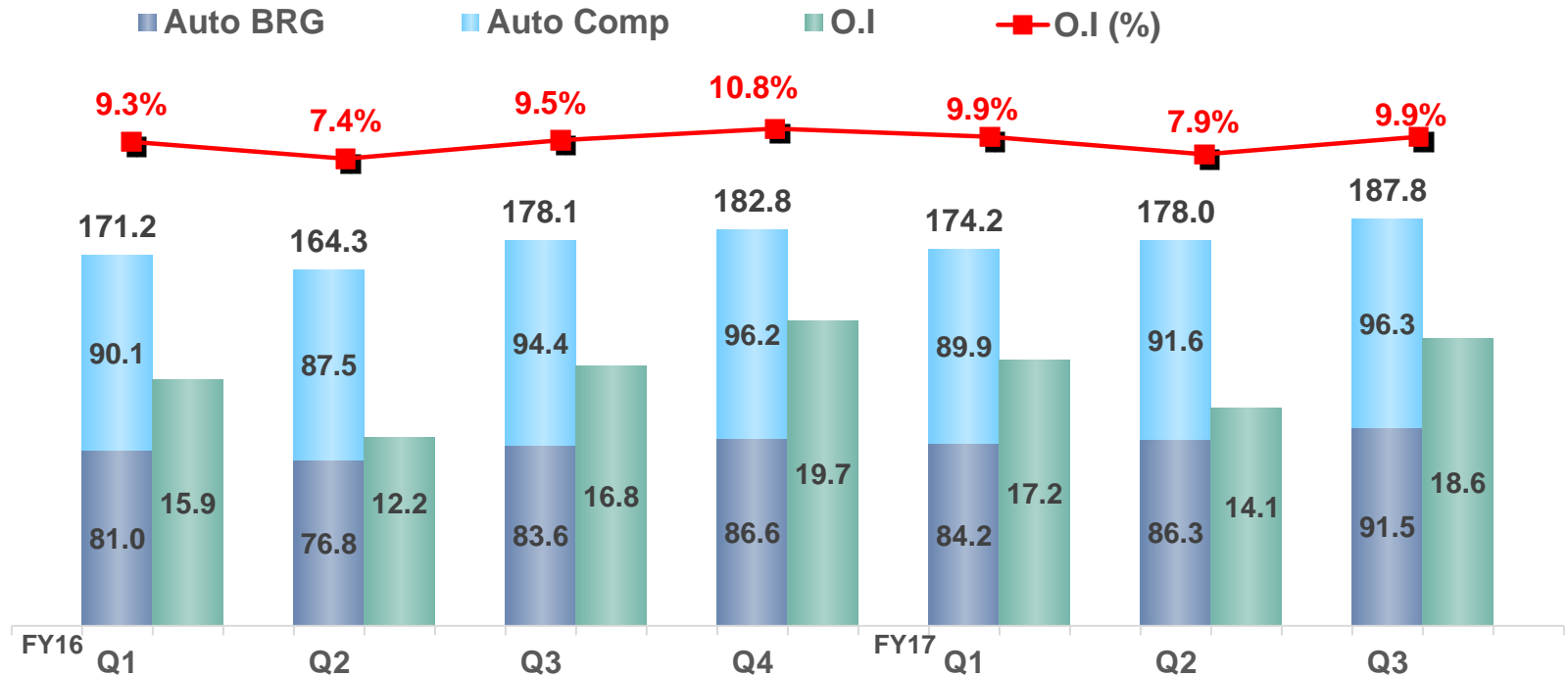
Business Results: Industrial Machinery Business



1USD=	108.25	102.45	109.34	113.64	111.10	111.04	112.99
1EUR=	122.17	114.27	117.83	121.09	122.19	130.39	133.01
1CNY=	16.54	15.36	15.98	16.56	16.21	16.63	17.08

- ✓ Recovered double-digit O.I. ratio on a quarterly basis.
- ✓ Robust demand continued in major sectors such as machine tools, semiconductors, construction machinery and fluid machinery.
- ✓ Precision: Quarterly record for both sales and profit.

Business Results: Automotive Business

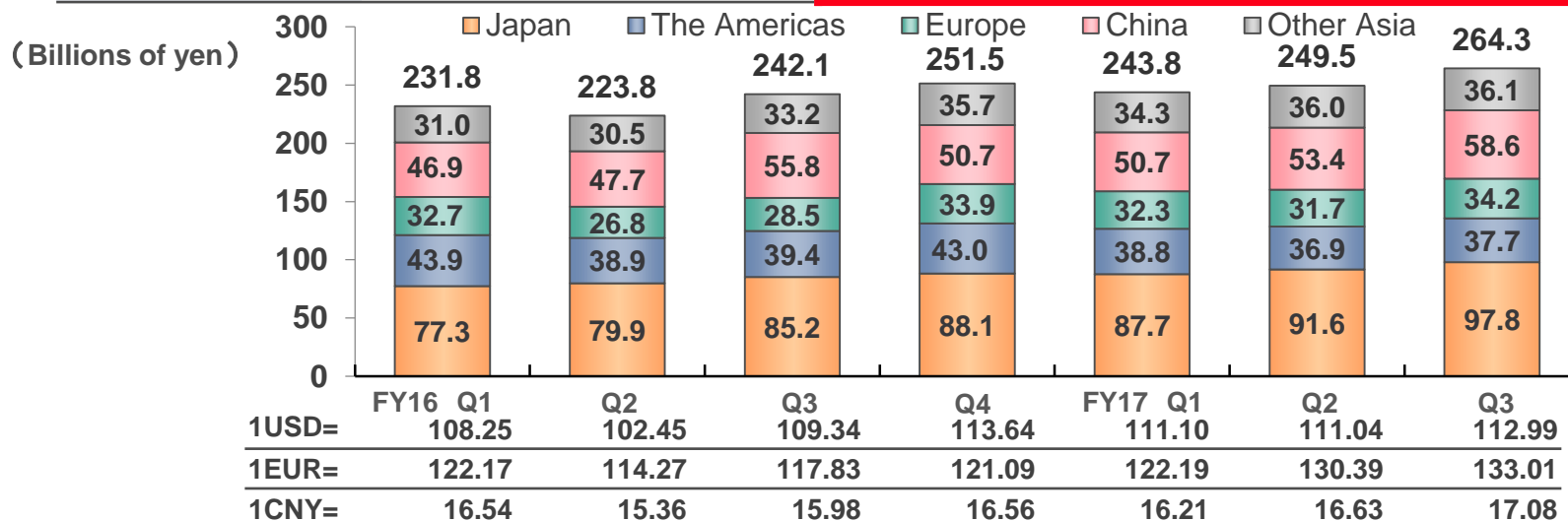


1USD=	108.25	102.45	109.34	113.64	111.10	111.04	112.99
1EUR=	122.17	114.27	117.83	121.09	122.19	130.39	133.01
1CNY=	16.54	15.36	15.98	16.56	16.21	16.63	17.08

- ✓ Q3 sales: YOY +5%. Achieved new record for quarterly sales.
- ✓ Japan Q3: YOY +9%, strong growth driven by AT-related products.
- ✓ US, China: negative impact of certain vehicle model changes.

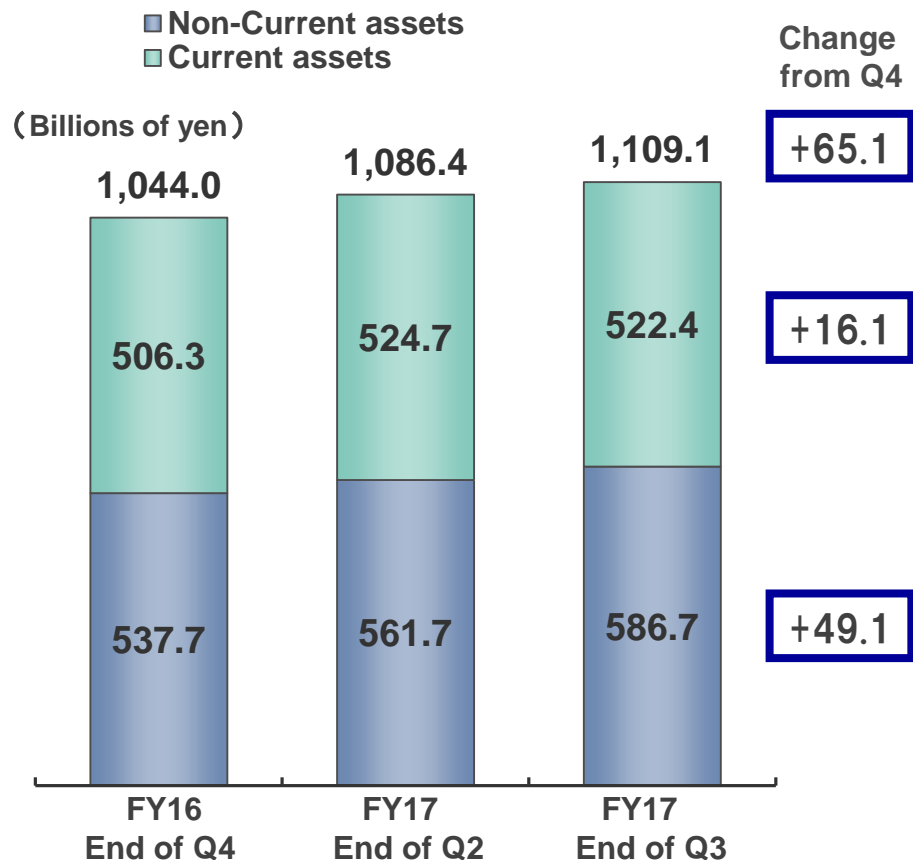
Sales Results by Customer Location

(Billions of yen)	FY2016			FY2017					
	Q3 <Actual>	Apr-Dec <Actual>	Full year <Actual>	Q3 <Actual>	Increase/ Decrease YOY	Difference YOY	Apr-Dec <Actual>	Increase/ Decrease YOY	Difference YOY
Net sales	242.1	697.7	949.2	264.3	+22.3	+9.2%	757.7	+60.0	+8.6%
Japan	85.2	242.4	330.5	97.8	+12.6	+14.8%	277.1	+34.7	+14.3%
Non-Japan	156.9	455.3	618.7	166.5	+9.6	+6.1%	480.6	+25.3	+5.6%
<Non-Japan ratio>	<64.8%>	<65.3%>	<65.2%>	<63.0%>			<63.4%>		
The Americas	39.4	122.2	165.2	37.7	-1.7	-4.4%	113.4	-8.7	-7.2%
Europe	28.5	88.0	121.9	34.2	+5.7	+19.8%	98.1	+10.1	+11.5%
China	55.8	150.5	201.2	58.6	+2.8	+5.0%	162.6	+12.1	+8.1%
Other Asia	33.2	94.7	130.4	36.1	+2.9	+8.8%	106.4	+11.8	+12.4%

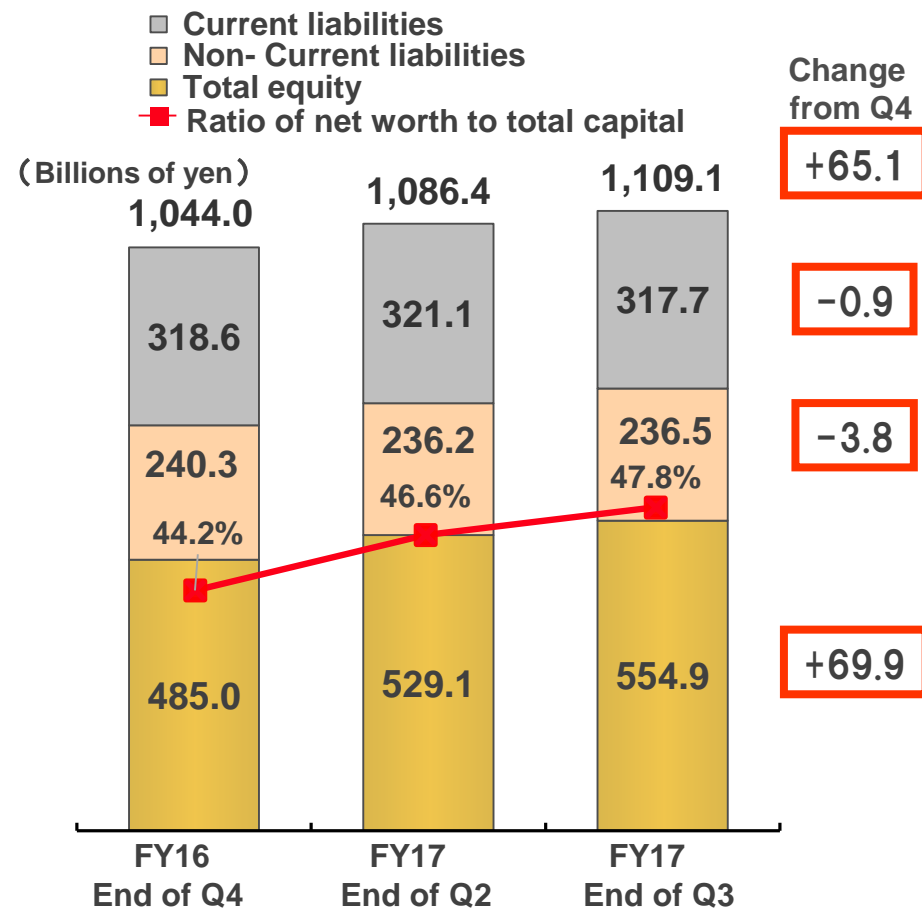


Consolidated Balance Sheet

Assets



Liabilities / Total equity

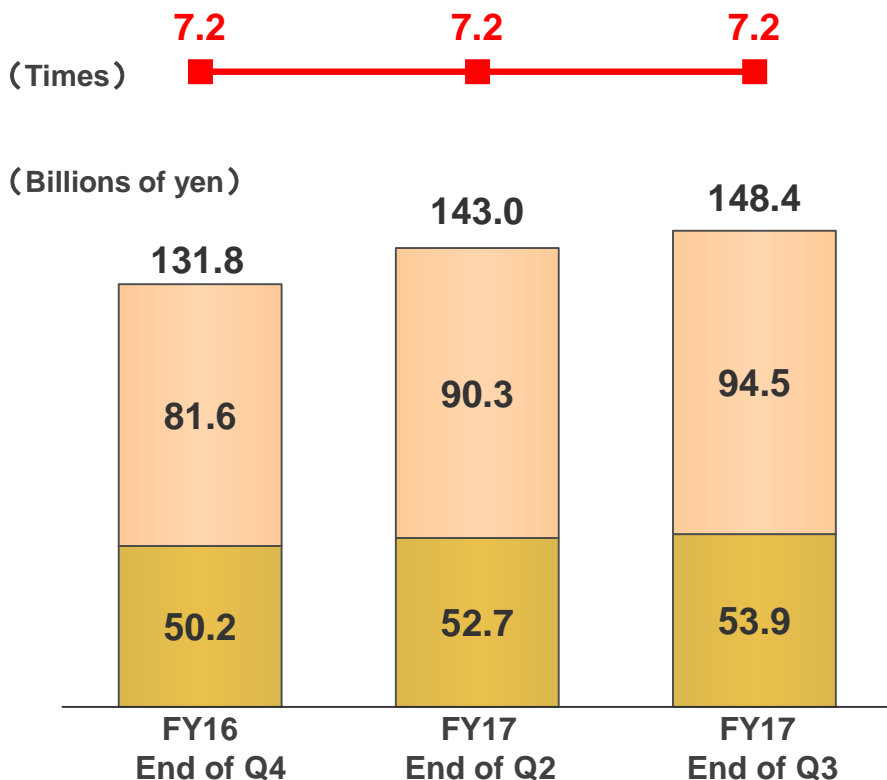


Ex. Rate	FY16 End of Q4	FY17 End of Q2	FY17 End of Q3
1USD=	112.20	112.74	113.05
1EUR=	119.78	132.81	134.95
1CNY=	16.29	16.96	17.30

Inventories/Interest-bearing debt

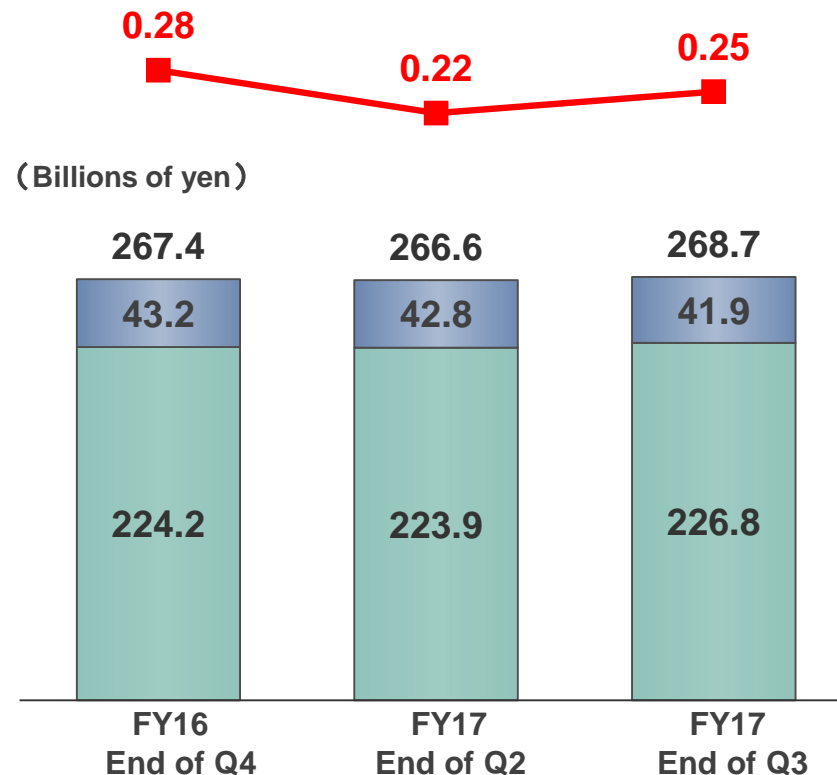
Inventories

■ Japan ■ Non-Japan ■ Inventory turnover



Interest-bearing debt

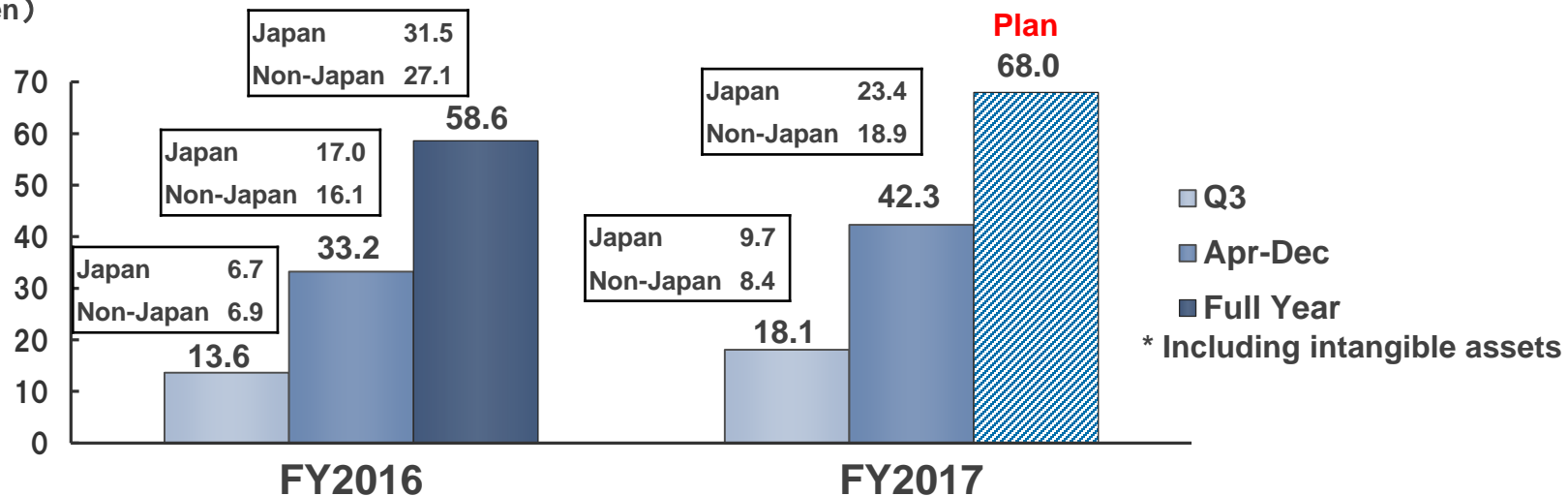
■ Japan ■ Non-Japan ■ Net D/E ratio



Ex. Rate	FY16 End of Q4	FY17 End of Q2	FY17 End of Q3
1USD=	112.20	112.74	113.05
1EUR=	119.78	132.81	134.95
1CNY=	16.29	16.96	17.30

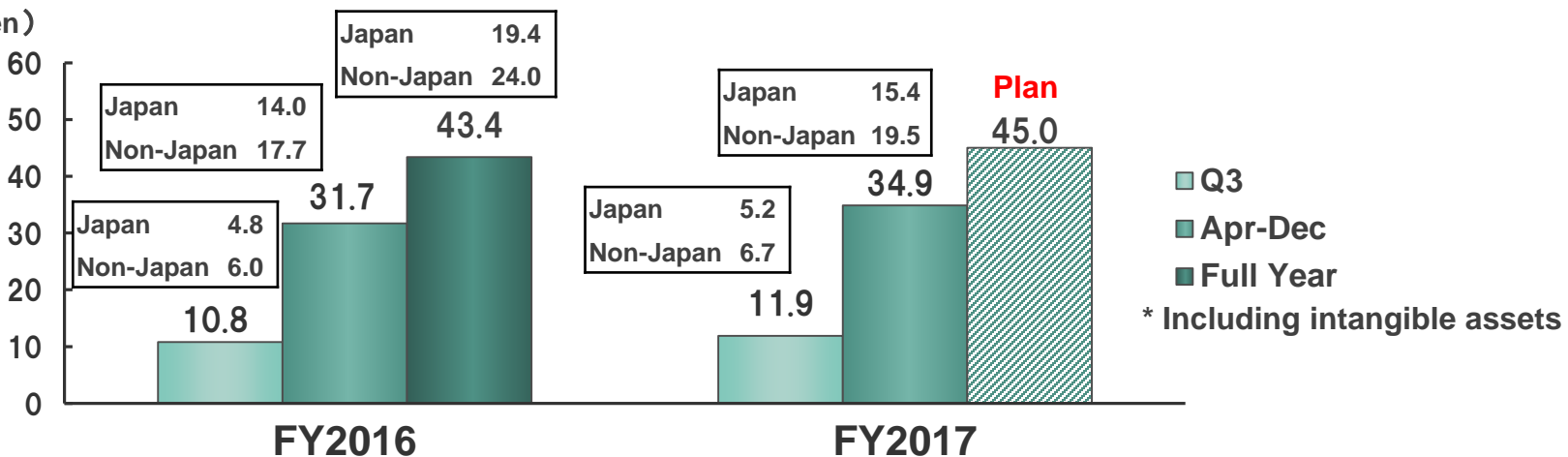
Capital Expenditure

(Billions of yen)



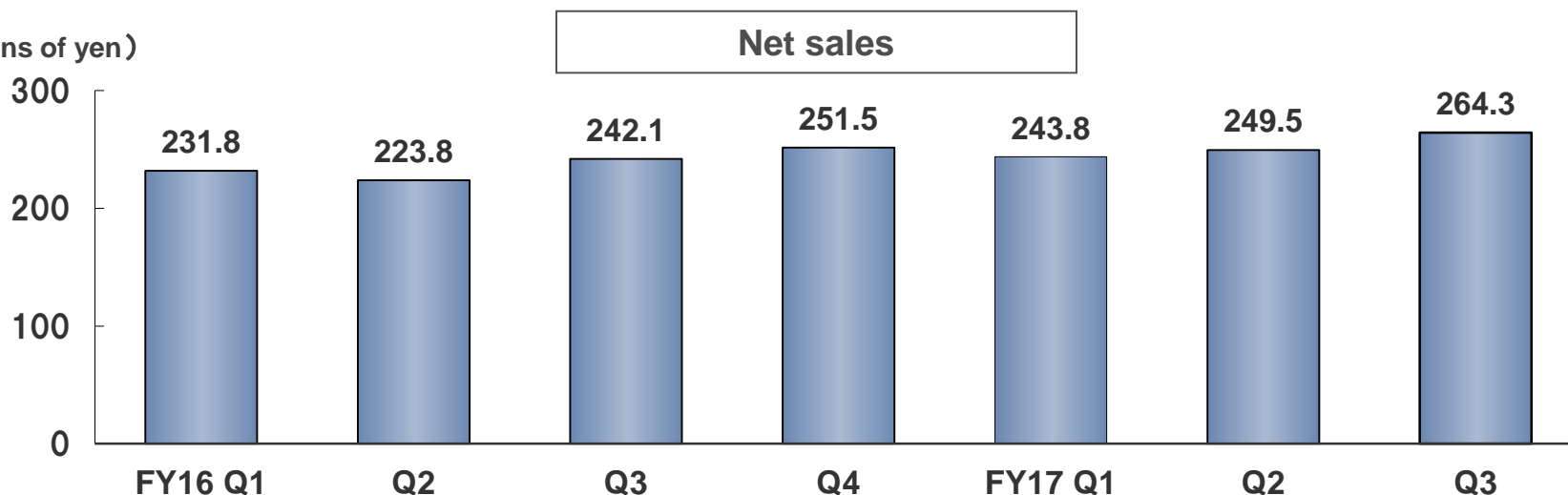
Depreciation and amortisation

(Billions of yen)



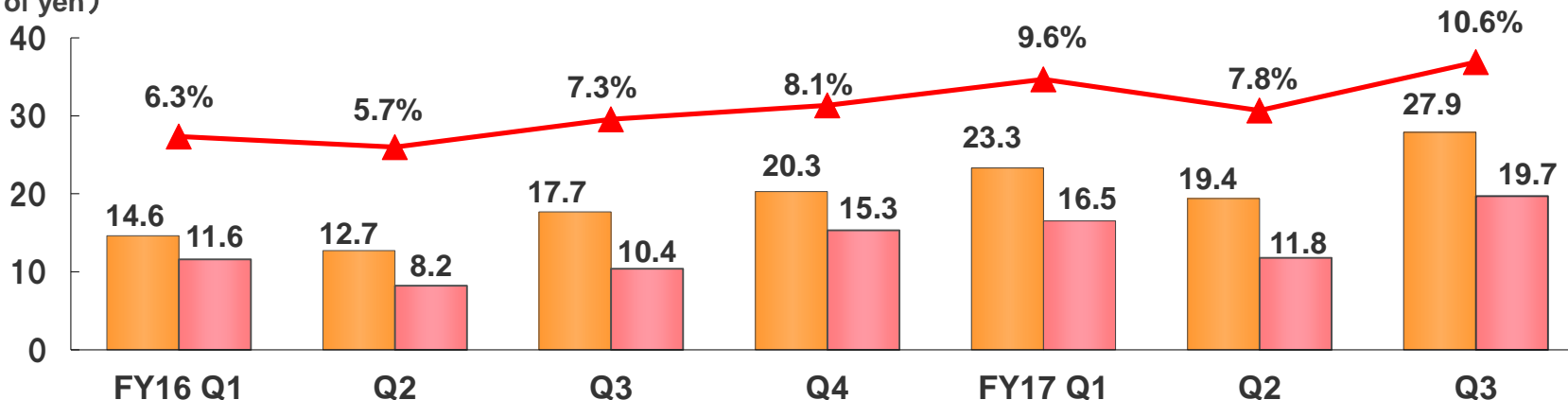
(Supplementary Information) Quarterly Business Performance

(Billions of yen)



■ Operating income
 ■ Net income attributable to owners of the parent
 ▲ Operating income margin

(Billions of yen)



1USD=	108.25	102.45	109.34	113.64	111.10	111.04	112.99
1EUR=	122.17	114.27	117.83	121.09	122.19	130.39	133.01
1CNY=	16.54	15.36	15.98	16.56	16.21	16.63	17.08

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

(Billions of yen)	FY2016					FY2017				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Full year <Nov. Fcst>	
R&D Expenses (on Statutory basis)	2.8	3.2	3.2	4.6	13.9	3.8	4.4	4.5	17.0	

(Headcount)	FY2016				FY2017		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total:	31,701	31,544	31,545	31,501	31,614	31,760	32,021
Japan	11,503	11,419	11,363	11,291	11,575	11,564	11,634
The Americas	3,183	3,150	3,105	3,065	3,048	3,087	3,103
Europe	3,528	3,520	3,638	3,667	3,695	3,674	3,806
Asia	13,487	13,455	13,439	13,478	13,296	13,435	13,478