

# NSK Ltd.

For Immediate Release

January 30, 2020

## CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED

December 31, 2019 (Unaudited)

[IFRS]

Company name	NSK Ltd.
Stock exchange on which the shares are listed	Tokyo Stock Exchange in Japan
Code number	6471
URL	<a href="https://www.nsk.com/">https://www.nsk.com/</a>
Representative	Toshihiro Uchiyama, President and CEO
Contact person	Keita Suzuki, Vice President
Filing date of quarterly securities report	February 7, 2020
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, 2019

#### (1) Consolidated financial results

(% indicates changes from the previous year)

	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, 2019	641,620	-15.3	22,780	-65.6	22,963	-65.4	16,975	-65.5	16,272	-65.2	20,848	-30.2
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

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended Dec. 31, 2019	31.77		31.69	
Nine months ended Dec. 31, 2018	89.65		89.48	

#### (2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	Millions of Yen	Millions of Yen	Millions of Yen	%
As of Dec. 31, 2019	1,083,731	558,503	536,844	49.5
As of Mar. 31, 2019	1,086,456	560,400	536,676	49.4

### 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, 2019	Yen —	Yen 20.00	Yen —	Yen 20.00	Yen 40.00
Year ending Mar. 31, 2020	—	20.00	—		
Year ending Mar. 31, 2020 (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, 2020

(% indicates changes from the previous year)

	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, 2020	860,000	-13.3	32,000	-59.6	31,500	-60.2	21,000	-62.4	41.00

(Note) Revision to the forecast of consolidated results from the latest announcement: None

### 4. Others

(1) Changes in the significant subsidiaries during the period (Changes in specified subsidiaries resulting in change in the scope of consolidation): None

(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 "Quarterly consolidated financial statements and notes (5) Notes to consolidated financial statements (Changes in accounting policies)" on page 11 of this summary of 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, 2019 551,268,104 shares As of Mar. 31, 2019 551,268,104 shares

(ii) Number of treasury stock at the end of each period:

As of Dec. 31, 2019 39,110,012 shares As of Mar. 31, 2019 39,262,010 shares

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

Nine months ended Dec. 31, 2019 512,138,582 shares Nine months ended Dec. 31, 2018 521,798,136 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

The NSK Group initiated its 6<sup>th</sup> Mid-Term Management Plan, spanning the three years beginning April 2019 with a target of “build business base and strengthen resources in preparation for next growth phase.” Setting safety, quality, compliance and environment as NSK core values, we continue to implement two key policies of “operational excellence” and “challenging innovation” established in the 5<sup>th</sup> Mid-Term Management Plan (From April 2016 to March 2019) and we address three main management themes: new initiatives targeting growth, enhance managerial resources, and contribute to the environment and society.

Looking at global economic conditions during the nine months of the year ending March 31, 2020, in Japan, demand from overseas, primarily China, remained stagnant, amid the ongoing impact of US-China trade friction. In the US, economic slowdown in the manufacturing industry became more pronounced along with a decrease in demand from overseas, while consumer spending remained robust. The European economy slowed down due to concerns over the UK’s withdrawal from the European Union and stagnation in the manufacturing industry, primarily the automotive industry. Economic growth in China decelerated due to decrease in both domestic and overseas demand against the backdrop of trade friction with the US and the continuing slump in automotive market. In other Asian countries, economies reflected the weakness in the global economy and the automotive industries in countries including India stayed stagnant.

In this economic environment, consolidated sales for the nine months of the year ending March 31, 2020 totaled ¥641,620 million, a year-on-year decrease of 15.3%, and operating income totaled ¥22,780 million, a year-on-year decrease of 65.6%. Income before income taxes was ¥22,963 million, a year-on-year decrease of 65.4%. Net income attributable to owners of the parent was ¥16,272 million, a year-on-year decrease of 65.2%.

### Business segment information

#### 1) Industrial Machinery Business segment

Overall sales in the industrial machinery business decreased year-on-year due to a sustained cautious stance toward capital expenditure against the backdrop of trade friction between the US and China and a demand decrease in the capital goods sectors including machine tools because of sluggish smartphone and automotive markets.

Looking at the Company’s results by geographic breakdown, sales in Japan continued to decrease year-on-year, primarily in the machine tools sector. In the Americas, overall sales slightly declined due to decreased demand in the electrical sector as well as the impact of changes in foreign currency conversion, while sales in the aftermarket sector increased. In Europe, sales declined due to sales decrease in the electrical sector and products for general industrial machinery. Sales in China decreased due to demand decline in sectors including electrical and machine tools, while sales in the wind power and railcar sectors rose. In other Asian countries, sales declined in Korea and Taiwan.

As a result, sales in the industrial machinery business totaled ¥175,944 million, a year-on-year decrease of 13.8%, and operating income was ¥10,800 million, a year-on-year decrease of 56.7%.

#### 2) Automotive Business segment

Overall sales in the automotive business declined year-on-year due to overseas stagnant automotive markets, primarily in China and Europe as well as lower sales of electric power steering (EPS) systems resulting from vehicle model changes.

Looking at the Company’s results by geographic breakdown, sales in Japan decreased due to a decline in EPS business and lower demand of products for automatic transmission (AT) systems against the backdrop of a slowdown, primarily in the Chinese market. In the US, overall sales declined due to lower EPS sales year-on-year, while sales of products for AT systems increased, owing to sales expansion activities. In Europe and China, sales decreased due to the sluggish automotive markets. Particularly in China, the business environment remained severe due to sluggish monthly vehicle sales, which continued to decrease year-on-year. Sales in other Asian countries such as India also declined.

As a result, sales in the automotive business totaled ¥446,894 million, a year-on-year decrease of 15.6%. Meanwhile, operating income totaled ¥11,031 million, a year-on-year decrease of 71.4%.

## **(2) Qualitative information regarding consolidated financial position**

### **Assets and liabilities**

Total assets were ¥1,083,731 million, a decrease of ¥2,725 million compared to total assets as of March 31, 2019. The main reasons for this were decreases of ¥25,374 million in trade receivables and other receivables, and ¥2,792 million in other current assets, which offset increases of ¥4,442 million in cash and cash equivalents, ¥5,533 million in property, plant and equipment, and ¥14,802 million in net defined benefit assets.

Total liabilities were ¥525,227 million, a decrease of ¥827 million compared to total liabilities as of March 31, 2019. The main reasons for this were decreases of ¥23,839 million in trade payables and other payables, and ¥31,789 million in other financial liabilities (current), which offset an increase of ¥53,420 million in financial liabilities (non-current).

### **Total equity**

Total equity totaled ¥558,503 million, a decrease of ¥1,897 million compared to total equity as of March 31, 2019. The main reason for this was decrease of ¥20,501 million in cash dividends from retained earnings, which offsets increases of ¥16,272 million in net income attributable to owners of the parent, and ¥1,397 million in other components of equity.

### **Cash flows**

Total cash and cash equivalents at the end of the period were ¥134,407 million, an increase of ¥4,442 million compared to total cash and cash equivalents as of March 31, 2019, and a ¥9,774 million increase on year-on-year basis.

#### **1) Net cash flow provided by operating activities**

Net cash flow provided by operating activities totaled ¥62,309 million, a decrease of ¥5,408 million, compared to the same period of the previous year. The main cash inflows were ¥22,963 million in income before income taxes, ¥40,378 million in depreciation and amortisation, and ¥22,181 million in decrease in trade receivables. Meanwhile, the main outflow was a ¥13,214 million in decrease in trade payables.

#### **2) Net cash flow used in investing activities**

Net cash flow used in investing activities totaled ¥33,263 million, a decrease of ¥20,410 million compared to the same period of the previous year. This includes ¥35,586 million in purchases of property, plant and equipment.

#### **3) Net cash flow used in financing activities**

Net cash flow used in financing activities totaled ¥22,772 million, an increase of ¥3,600 million compared to the same period of the previous year. This main cash inflows were ¥11,000 million in proceeds from long-term loans, and ¥30,000 million in proceeds from issuance of corporate bonds. Meanwhile, the main outflows were ¥11,582 million in repayments of long-term loans, ¥20,000 million in payments for redemption of corporate bonds, and ¥20,215 million in dividends paid.

## **(3) Explanation regarding future forecast information including consolidated business forecast**

No revision has been made to the consolidated business forecasts for the year ending March 31, 2020 announced on October 30, 2019.

## 2. Quarterly consolidated financial statements and notes

### (1) Quarterly consolidated statements of financial position

(Millions of yen)

	As of Mar.31, 2019	As of Dec.31, 2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	129,965	134,407
Trade receivables and other receivables	195,288	169,914
Inventories	159,517	158,398
Other financial assets	1,696	1,591
Income tax receivables	3,502	5,926
Other current assets	17,648	14,855
Total current assets	507,618	485,093
Non-current assets		
Property, plant and equipment	378,333	383,867
Intangible assets	19,550	19,289
Investments accounted for using equity method	27,613	26,762
Other financial assets	79,934	80,333
Deferred tax assets	9,633	9,668
Net defined benefit assets	59,406	74,209
Other non-current assets	4,364	4,506
Total non-current assets	578,837	598,637
<b>Total assets</b>	<b>1,086,456</b>	<b>1,083,731</b>
<b>Liabilities and Equity</b>		
Liabilities		
Current liabilities		
Trade payables and other payables	130,333	106,494
Other financial liabilities	101,145	69,355
Provisions	85	72
Income tax payables	4,004	4,242
Other current liabilities	49,841	47,403
Total current liabilities	285,411	227,569
Non-current liabilities		
Financial liabilities	175,467	228,887
Provisions	8,677	8,390
Deferred tax liabilities	31,128	35,202
Net defined benefit liabilities	19,530	19,675
Other non-current liabilities	5,839	5,503
Total non-current liabilities	240,643	297,658
Total liabilities	526,055	525,227
Equity		
Issued capital	67,176	67,176
Capital surplus	80,426	80,464
Retained earnings	400,720	399,334
Treasury shares	-37,779	-37,660
Other components of equity	26,131	27,529
Total equity attributable to owners of the parent	536,676	536,844
Non-controlling interests	23,724	21,658
<b>Total equity</b>	<b>560,400</b>	<b>558,503</b>
<b>Total liabilities and equity</b>	<b>1,086,456</b>	<b>1,083,731</b>

**(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, 2018	Nine months ended Dec. 31, 2019
Sales	757,653	641,620
Cost of sales	586,212	521,328
Gross profit	171,440	120,292
Selling, general and administrative expenses	107,200	98,595
Share of profits of investments accounted for using the equity method	3,973	1,859
Other operating income	—	600
Other operating expenses	1,948	1,377
Operating income	66,265	22,780
Financial income	2,178	2,761
Financial expenses	2,150	2,578
Income before income taxes	66,294	22,963
Income tax expense	17,113	5,987
Net income	49,180	16,975
Net income attributable to:		
Owners of the parent	46,778	16,272
Non-controlling interests	2,402	702
(Earnings per share attributable to owners of the parent)		
Basic earnings per share (yen)	89.65	31.77
Diluted earnings per share (yen)	89.48	31.69

**Quarterly consolidated statements of comprehensive income**

(Millions of yen)

	Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2019
Net income	49,180	16,975
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liability (asset)	-2,497	10,529
Net changes in financial assets measured at fair value through other comprehensive income	-9,419	3,062
Share of other comprehensive income of investments accounted for using equity method	-5	68
Total items that will not be reclassified to profit or loss	-11,922	13,659
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	-7,237	-9,620
Share of other comprehensive income of investments accounted for using equity method	-151	-166
Total items that may be reclassified to profit or loss	-7,389	-9,787
Total other comprehensive income, net of tax	-19,312	3,872
Total comprehensive income for the period	29,868	20,848
Total comprehensive income for the period attributable to:		
Owners of the parent	27,630	20,261
Non-controlling interests	2,237	586

### (3) Quarterly consolidated statements of changes in equity

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					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	—	—	—	—	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

From April 1, 2019 to December 31, 2019

(Millions of yen)

	Equity attributable to owners of the parent			
	Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance	67,176	80,426	400,720	-37,779
Net income	—	—	16,272	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	16,272	—
Purchase of treasury shares	—	—	—	-8
Disposal of treasury shares	—	40	—	127
Share-based payment transactions	—	-2	—	—
Cash dividends	—	—	-20,501	—
Changes in the ownership interest in subsidiaries	—	—	—	—
Other	—	—	2,842	—
Total transactions with owners, etc.	—	38	-17,658	118
Closing balance	67,176	80,464	399,334	-37,660

	Equity attributable to owners of the parent				Total	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)				
Opening balance	-12,598	33,494	5,234	26,131	536,676	23,724	560,400
Net income	—	—	—	—	16,272	702	16,975
Other comprehensive income	-9,657	3,058	10,587	3,988	3,988	-115	3,872
Total comprehensive income for the period	-9,657	3,058	10,587	3,988	20,261	586	20,848
Purchase of treasury shares	—	—	—	—	-8	—	-8
Disposal of treasury shares	—	—	—	—	167	—	167
Share-based payment transactions	—	—	—	—	-2	—	-2
Cash dividends	—	—	—	—	-20,501	-2,652	-23,154
Changes in the ownership interest in subsidiaries	—	—	—	—	—	—	—
Other	—	-2,590	—	-2,590	252	—	252
Total transactions with owners, etc.	—	-2,590	—	-2,590	-20,093	-2,652	-22,745
Closing balance	-22,255	33,962	15,822	27,529	536,844	21,658	558,503

#### (4) Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2019
Operating activities		
Income before income taxes	66,294	22,963
Depreciation and amortisation	36,228	40,378
Increase (decrease) in net defined benefit liability and net defined benefit asset	-75	607
Interest and dividend income	-2,099	-1,935
Interest expenses	1,973	1,986
Share of profits of investments accounted for using the equity method	-3,973	-1,859
Decrease (increase) in trade receivables	14,973	22,181
Decrease (increase) in inventories	-20,315	-844
Increase (decrease) in trade payables	-5,925	-13,214
Other	-4,164	-193
Subtotal	82,916	70,068
Interest and dividend received	7,206	4,477
Interest expenses paid	-1,978	-1,988
Income tax paid	-20,426	-10,248
Net cash provided by operating activities	67,717	62,309
Investing activities		
Purchases of property, plant and equipment	-51,944	-35,586
Proceeds from sale of property, plant and equipment	1,025	1,470
Purchases of other financial assets	-32	-17
Proceeds from sale of other financial assets	1,319	4,815
Other	-4,041	-3,945
Net cash used in investing activities	-53,673	-33,263
Financial activities		
Proceeds from long-term loans	32,887	11,000
Repayments of long-term loans	-42,973	-11,582
Proceeds from issuance of corporate bonds	40,000	30,000
Payments for redemption of corporate bonds	—	-20,000
Repayments of lease liabilities	—	-3,045
Acquisition of treasury shares	-20,043	-1
Dividends paid	-21,238	-20,215
Dividends paid to non-controlling interests	-2,892	-2,652
Other	-4,911	-6,274
Net cash used in financial activities	-19,172	-22,772
Effect of exchange rate changes on cash and cash equivalents	-1,523	-1,831
Net increase (decrease) in cash and cash equivalents	-6,650	4,442
Cash and cash equivalents at the beginning of the period	131,283	129,965
Cash and cash equivalents at the end of the period	124,633	134,407

## (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, 2019 except the following items.

IFRS		Description of new standards and revisions
IFRS 16	Leases	Revision of accounting treatment for leases

The NSK Group has adopted IFRS 16 "Leases" (issued in January 2016, hereafter, "IFRS 16") from the first quarter ended June 30, 2019. At inception of a contract, the assessment of whether the contract is, or contains, a lease will be made when the Company is the lessee. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When a contract is, or contains, a lease, at the commencement date, a right-of-use asset and a lease liability are recognised.

#### (1) Lease liability

At the commencement date, lease liability will be measured at the present value of the lease payments that are not paid at that date. The present value will be measured by using the interest rate implicit in the lease or the lessee's incremental borrowing rate. After the commencement date, lease liability will be measured by increasing or reducing the carrying amount to reflect interest on the lease liability and the lease payments made. Interest on the lease liability is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability, and it is recognised as a finance expense.

#### (2) Right-of-use asset

At the commencement date, the right-of-use asset will be measured at cost. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability adjusting, any lease payments made at or before the commencement date, less any lease incentives received, and any initial direct costs incurred. After the commencement date, right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses applying the cost model. A right-of-use asset is depreciated mainly over the lease term using the straight line method.

The lease payments associated with short-term leases and leases for which the underlying asset is of low value are recognised as an expense on a straight-line basis over the lease term. Right-of-use asset is presented as "property, plant and equipment" and lease liability as "financial liability (current or non-current)" in the consolidated statements of financial position.

In adopting IFRS 16, the NSK Group has applied the provisional method allowed in IFRS16 and recognised the cumulative effect of initially applying IFRS16 at the date of initial application. We apply the practical expedient that allows us to continue using the same method as before with regard to whether contracts are leases or not.

At the date of initial application of IFRS 16, we additionally recognised right-of-use assets of ¥19,409 million and lease liabilities of ¥19,403 million. The weighted average of the lessee's incremental borrowing rates applied for the calculation of lease liability recognised at the date of initial application is 1.4%.

The following are the adjustments between the amount of non-cancellable operating leases which was disclosed applying IAS 17 "Leases" (hereafter, "IAS 17") discounted by using the incremental borrowing rate at the date of initial application and the amount of lease liabilities presented in the consolidated statements of financial position at the date of initial application.

(Millions of yen)

The amount of non-cancellable operating leases as of March 31 2019 which was disclosed adopting IAS 17 discounted by using the incremental borrowing rate at the date of initial application	12,426
(a) Finance lease obligations which was recognised as of March 31 2019,	1,754
(b) Amount resulting from review of lease term based on the adoption of IFRS 16	6,976
Amount of lease liabilities presented in the consolidated statements of financial position	21,157

When applying IFRS 16 to the leases previously classified as operating leases applying IAS 17, the following practical expedients are applied.

- Leases for which the lease term ends within 12 months of the date of initial application, we apply exemptions, which do not recognise right-of-use asset and lease liability.
- Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application.

## 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, 2018 to December 31, 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	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.

From April 1, 2019 to December 31, 2019

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
Sales							
Sales to third parties	175,944	446,894	622,839	18,781	641,620	—	641,620
Intersegment sales	—	—	—	17,968	17,968	-17,968	—
Total	175,944	446,894	622,839	36,749	659,589	-17,968	641,620
Segment income (loss) (Operating income)	10,800	11,031	21,831	1,507	23,339	-559	22,780
Total financial income (expenses)							183
Income before income taxes							22,963

(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 -¥559 million adjustment made for segment income (loss) includes intersegment elimination of ¥217 million and -¥776 million in total other operating income (expenses) not allocated to the reportable segments.

**2020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, 2019

**1. 決算概要 / Summary of financial results**

(百万円 / ¥Million)	2019年3月期 / FY2018			2020年3月期 / FY2019					
	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 Sales	509,576	481,788	991,365	434,820	85.3%	425,179	88.3%	860,000	86.7%
営業利益 Operating income	44,964	34,314	79,279	15,765	35.1%	16,234	47.3%	32,000	40.4%
税引前利益 Income before income taxes	45,104	34,125	79,229	15,552	34.5%	15,947	46.7%	31,500	39.8%
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	30,941	24,868	55,809	11,816	38.2%	9,183	36.9%	21,000	37.6%
基本的1株当たり当期利益(円) Basic earnings per share (yen)	58.79	48.53	107.46	23.07	—	17.93	—	41.00	—

(百万円 / ¥Million)	2019年3月期 / FY2018				2020年3月期 / FY2019							
	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 Sales	260,694	248,882	248,076	233,712	222,942	85.5%	211,878	85.1%	206,799	83.4%		
営業利益 Operating income	24,776	20,188	21,300	13,013	10,263	41.4%	5,501	27.3%	7,014	32.9%		
税引前四半期利益 Income before income taxes	25,282	19,821	21,190	12,935	10,636	42.1%	4,916	24.8%	7,410	35.0%		
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	17,703	13,238	15,836	9,031	8,838	49.9%	2,977	22.5%	4,456	28.1%		
基本的1株当たり四半期利益(円) Basic earnings per share (yen)	33.49	25.26	30.88	17.64	17.26	—	5.81	—	8.70	—		
連結子会社数(社) Consolidated subsidiaries	89	90	89	88	89	—	89	—	89	—		
日本 Japan	19	19	19	18	18	—	18	—	18	—		
海外 Non-Japan	70	71	70	70	71	—	71	—	71	—		
期末従業員数(人) Number of employees	31,924	31,890	32,045	31,484	31,648	—	31,387	—	31,273	—		
日本 Japan	11,818	11,814	11,802	11,755	12,035	—	11,953	—	11,908	—		
海外 Non-Japan	20,106	20,076	20,243	19,729	19,613	—	19,434	—	19,365	—		

**2. 売上高 / Sales**

(百万円 / ¥Million)	2019年3月期 / FY2018			2020年3月期 / FY2019					
	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	135,872	134,101	269,974	119,677	88.1%	119,322	89.0%	239,000	88.5%
自動車事業 Automotive business	357,577	332,080	689,658	302,152	84.5%	292,347	88.0%	594,500	86.2%
その他 Others	30,349	32,570	62,919	25,476	83.9%	26,523	81.4%	52,000	82.6%
調整額 Adjustments	14,223	16,963	31,186	12,485	—	13,014	—	25,500	—
合計 Total	509,576	481,788	991,365	434,820	85.3%	425,179	88.3%	860,000	86.7%

(百万円 / ¥Million)	2019年3月期 / FY2018				2020年3月期 / FY2019							
	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	69,251	66,621	68,156	65,944	60,825	87.8%	58,852	88.3%	56,266	82.6%		
自動車事業 Automotive business	183,260	174,316	171,625	160,455	155,173	84.7%	146,978	84.3%	144,742	84.3%		
その他 Others	14,845	15,504	17,736	14,833	13,566	91.4%	11,909	76.8%	11,273	63.6%		
調整額 Adjustments	6,663	7,559	9,442	7,521	6,623	—	5,861	—	5,483	—		
合計 Total	260,694	248,882	248,076	233,712	222,942	85.5%	211,878	85.1%	206,799	83.4%		

**3. 営業利益 / Operating income**

(百万円 / ¥Million)	2019年3月期 / FY2018			2020年3月期 / FY2019					
	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	16,729	16,158	32,887	8,313	49.7%	8,686	53.8%	17,000	51.7%
自動車事業 Automotive business	26,703	18,245	44,949	7,061	26.4%	8,438	46.3%	15,500	34.5%
その他 Others	2,835	2,771	5,607	1,210	42.7%	1,289	46.5%	2,500	44.6%
調整額 Adjustments	1,303	2,861	4,165	819	—	2,180	—	3,000	—
合計 Total	44,964	34,314	79,279	15,765	35.1%	16,234	47.3%	32,000	40.4%

(百万円 / ¥Million)	2019年3月期 / FY2018				2020年3月期 / FY2019							
	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	8,779	7,949	8,229	7,929	4,879	55.6%	3,433	43.2%	2,486	30.2%		
自動車事業 Automotive business	15,282	11,421	11,825	6,419	5,065	33.1%	1,995	17.5%	3,969	33.6%		
その他 Others	1,351	1,483	1,992	779	826	61.1%	384	25.9%	296	14.9%		
調整額 Adjustments	636	667	746	2,115	507	—	312	—	260	—		
合計 Total	24,776	20,188	21,300	13,013	10,263	41.4%	5,501	27.3%	7,014	32.9%		

#### 4. 設備投資額、減価償却費 / Capital expenditures, Depreciation and amortisation

(百万円 / ¥Million)	2019年3月期 / FY2018			2020年3月期 / FY2019					
	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	27,083	54,019	81,102	21,676	80.0%	38,323	70.9%	60,000	74.0%
減価償却費 Depreciation and amortisation	23,928	24,873	48,801	26,783	111.9%	25,216	101.4%	52,000	106.6%

(百万円 / ¥Million)	2019年3月期 / FY2018				2020年3月期 / FY2019							
	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	10,401	16,682	23,565	30,454	10,535	101.3%	11,140	66.8%	12,143	51.5%		
減価償却費 Depreciation and amortisation	11,915	12,012	12,300	12,572	13,369	112.2%	13,414	111.7%	13,594	110.5%		

#### 5. 研究開発費 / R&D expenses

(百万円 / ¥Million)	2019年3月期 / FY2018			2020年3月期 / FY2019					
	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	9,436	9,587	19,023	9,160	97.1%	9,839	102.6%	19,000	99.9%

(百万円 / ¥Million)	2019年3月期 / FY2018				2020年3月期 / FY2019							
	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	4,401	5,035	4,860	4,726	4,616	104.9%	4,543	90.2%	4,639	95.4%		

#### 6. 為替換算レート / Currency exchange rate

	2019年3月期 / FY2018			2020年3月期 / FY2019		
	1H	2H	Full year	1H	2H FCT	Full year FCT
期中平均レート Average exchange rate (円 / ¥)						
USD	110.27	111.55	110.91	108.63	108.00	108.32
EUR	129.84	126.96	128.40	121.41	120.00	120.71
CNY	16.75	16.33	16.54	15.68	15.30	15.49

	2019年3月期 / FY2018				2020年3月期 / FY2019			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
期中平均レート Average exchange rate (円 / ¥)								
USD	109.07	111.47	112.91	110.19	109.90	107.36	108.75	
EUR	130.06	129.62	128.79	125.13	123.49	119.33	120.33	
CNY	17.13	16.37	16.33	16.33	16.07	15.29	15.44	

	2019年3月期 / FY2018		2020年3月期 / FY2019	
	End of 1H	End of 2H	End of 1H	End of 2H FCT
期末レート Term end exchange rate (円 / ¥)				
USD	113.58	111.01	107.96	108.00
EUR	132.15	124.56	118.04	120.00
CNY	16.50	16.48	15.14	15.30

	2019年3月期 / FY2018				2020年3月期 / FY2019			
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of 1Q	End of 2Q	End of 3Q	End of 4Q
期末レート Term end exchange rate (円 / ¥)								
USD	110.54	113.58	110.91	111.01	107.75	107.96	109.55	
EUR	127.88	132.15	126.88	124.56	122.46	118.04	122.51	
CNY	16.67	16.50	16.14	16.48	15.68	15.14	15.68	