

Mission Statement

NSK contributes to a safer, smoother society and helps protect the global environment through its innovative technology integrating Motion & Control™. As a truly international enterprise, we are working across national boundaries to improve relationships between people throughout the world.

Management Principles

- 1 To provide our customers with innovative and responsive solutions through our world leading technologies.
- 2 To provide challenges and opportunities to our employees, utilizing their skills and encouraging their creativity and individuality.
- 3 To identify the needs of the present and future, and to meet these needs by being flexible, agile, and dynamic.
- 4 To contribute to the communities in which we operate.
- 5 To manage our business from an international perspective and to develop a strong presence throughout the world.

Mission Statement

Management Principles / Action Guidelines

NSK Vision 2026

Action Guidelines

**Beyond Limits,
Beyond Today**

Beyond Frontiers
Beyond Individuals
Beyond Imagination
Beyond Perceptions
Challenging the Future

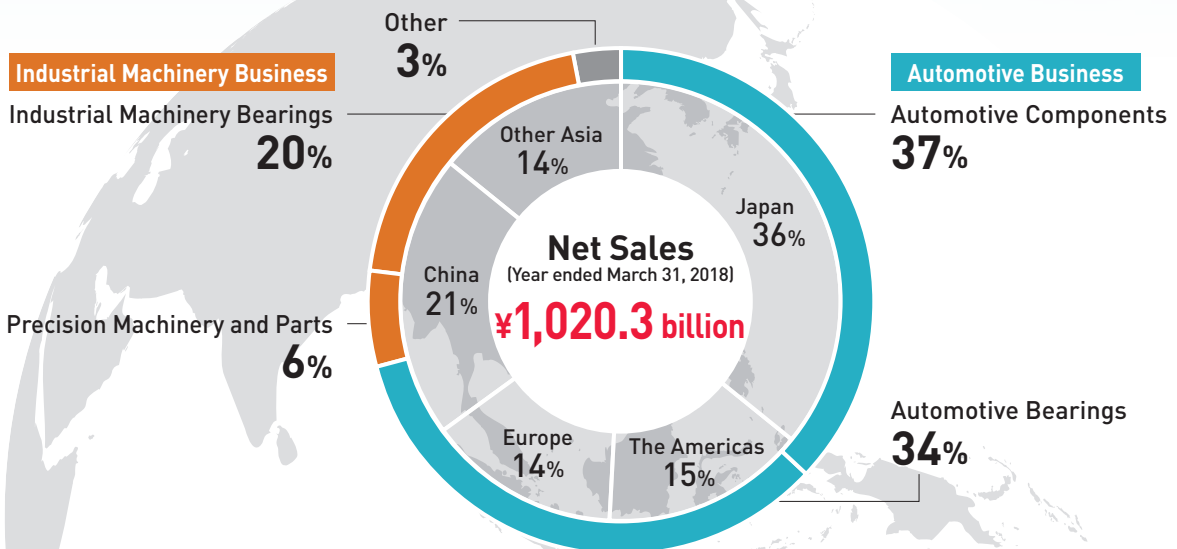
SETTING THE FUTURE IN MOTION

We bring motion to life,
to enrich lifestyles,
and to build a brighter future.

Dedicated to uncovering society's needs,
we set ideas in motion,
to deliver solutions beyond imagination.

We're NSK.
And, we're setting the future in motion.

NSK's Business



Bearing Net Sales

(including for industrial and automotive use)

Share in Japan

No.1

Global Share

No.3

Refer to the Review of Operations (PP. 30-37) for details.

Corporate Value Creation Model

In its mission statement, NSK declares its aims of realizing the well-being and safety of society, and contributing to the protection of the global environment through its Motion & Control™ technology. NSK considers safety, quality and compliance as its top priorities and creates new value that contributes to society through its operations, spanning development to design, production, sales and aftermarket services.

NSK Mission Statement

NSK Vision 2026

Diverse Capital and Inputs

Manufacturing Capital

- Raw materials: Steel, greases and oils, externally procured components
- Global production sites, manufacturing facilities
- Process set-ups, process controls

Intellectual Capital

- 100 years of accumulated know-how
- Four core technologies
- Knowledge/expertise in specialist fields
- R&D centers
- R&D framework linked to external organizations

Human Capital

- Highly qualified engineers, skilled workforce, globally minded talent, sales personnel who maintain close relationships with customers
- Corporate governance structure (Three Committees system, global compliance framework)

Financial Capital

- Capital, interest-bearing debt, cash reserves

Social/Relationship Capital

- Relationships of trust with external parties (users, suppliers, local communities)
- Globally recognized and trusted NSK brand

Natural Capital

- Minerals (iron ore, coal, etc.), water, energy

Production sites (Plants)
Japan: **20**
Overseas: **44**

R&D centers
At **15** locations
in **10** countries

Ratio of new employees with science backgrounds (annual average over the past five years)
74.8%

Number of employees worldwide
31,861

Employee development expenditure per person (non-consolidated)
Approx. **¥76,000**

Total equity
¥561.0 billion

Interest-bearing debt
¥250.9 billion

Cash and cash equivalents
¥131.3 billion

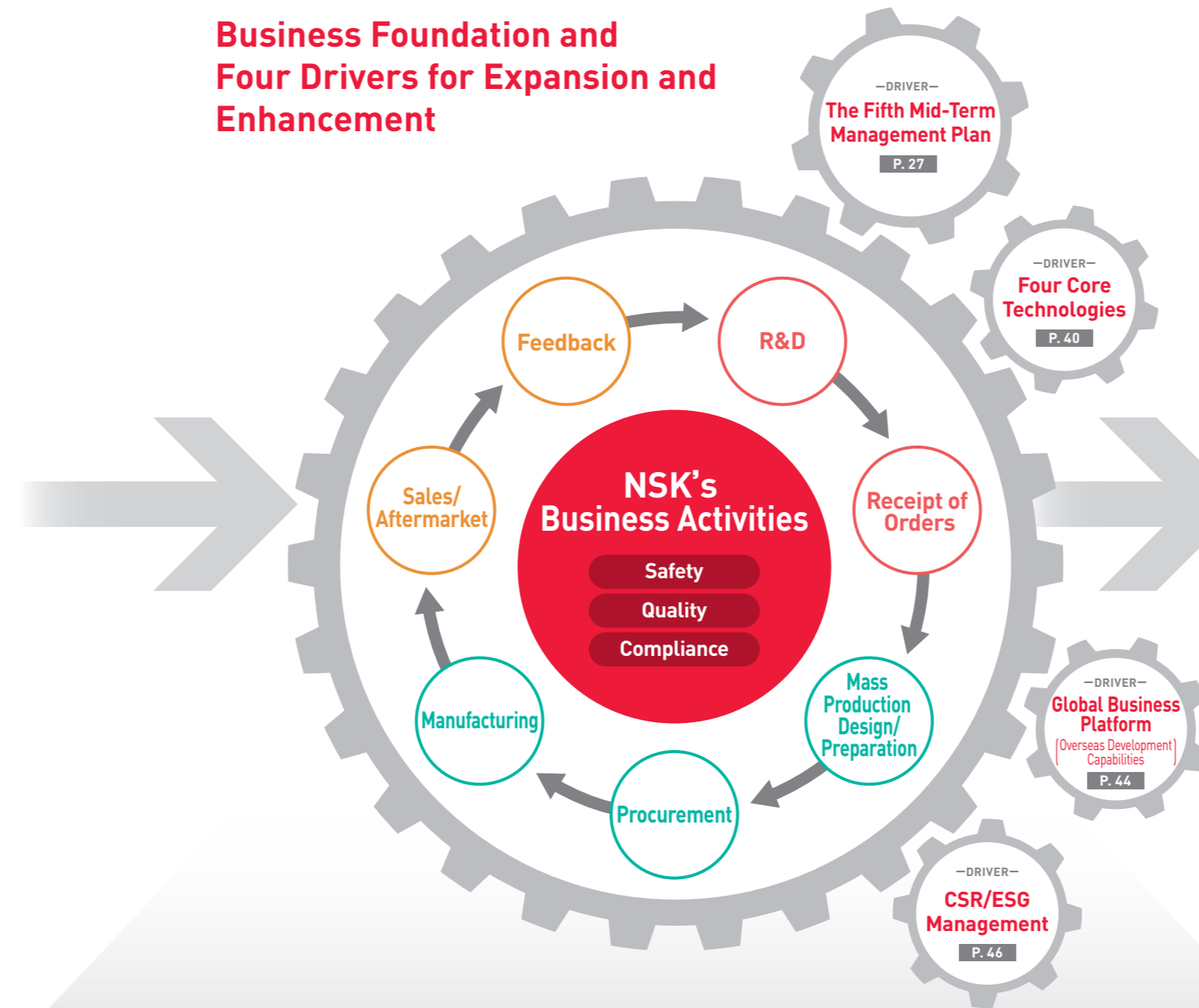
Number of customer inquiries to NSK salespeople
6,604 cases/year

Energy input (per year)
17,088 TJ

(As of March 31, 2018)

NSK's Value Creation Process (Business Model)

Business Foundation and Four Drivers for Expansion and Enhancement



Output and Outcomes

Products/Services

- Industrial Machinery Bearings
- Precision Machinery and Parts
- Automotive Bearings
- Automotive Components
- Maintenance & Repair, Aftermarket Services

Financial Outcomes from Provision of Added Value

- Cash generation
- Improvement in ROE
- Improvement in share price/market capitalization
- Internal reserves for investment in growth
- Maintenance of stable ratings

Impact on Society/Environment

- Reduction of investment resource/energy usage through improved production processes
- Promotion of human resource diversity
- Improvement of compliance awareness
- Compliance with varying regulations in each country (e.g., avoiding use of conflict minerals, UK Modern Slavery Act)

(Output as burden on the environment)

- Greenhouse gases (GHG), industrial waste, water discharge

Share of bearings market
Ranked 3rd in the world

Number of EPS mounted on vehicles (cumulative total)
Approx. **84 million**

Number of patents held
6,987 patents/year
(6,430 patents in the previous fiscal year)

Cash flow from operating activities
¥83.7 billion

Dividends/Payout ratio
¥21.2 billion/30.5%

Lost-worktime injury rate* (global)
0.59 (0.68 in the previous fiscal year)
*For more information on lost-worktime injury rate, please see P. 49.

Diversity (Global)
Proportion of female employees 17.6%
(17.6% in the previous fiscal year)

Japan Management College
Total number of graduates over all 17 college terms: **323**

Global Management College
Total number of graduates over all 7 college terms: **86**

Number of regions:
Graduates from **20** countries

*For more information about the Japan Management College and the Global Management College, please see P. 9 and 53.

Number of employees who have attained a TOEIC score of 730 or higher
536 (507 in the previous fiscal year)

Development of environmentally friendly products
224 products (cumulative total)

GHG emissions per production unit
14.5% decrease (Japan)
(-10.4% in the previous fiscal year)

26.1% decrease (excluding Japan)
(-29.6% in the previous fiscal year)
*Rates of percentage increase and decrease are presented compared with the base date of the year ended March 31, 2012 (0%).

Improved Corporate Value

Realization of a Sustainable Society

External Factors Affecting Corporate Value Creation

Foreign Exchange Rate Fluctuations
Exchange rate fluctuations affect revenue as the ratio of net sales outside Japan to total net sales is 65%, and the overseas production ratio is 55%.

Resource Price Fluctuations
Changes in the prices for resources, such as the steel and rare earths minerals that are raw materials for NSK products, affect revenue.

Economies/Economic Trends
Economic trends in each country and market affect related demand. For example, the number of new vehicles sold by finished vehicle manufacturers affects Automotive Business revenue.

Capital Expenditures
Capital expenditure cycles affect the sales of bearings and precision products that are affected by demand in a wide range of industrial sectors.

Climate change and large-scale disasters
The introduction of regulations and policies related to climate change and shifting needs in products due to the implementation of environment-related initiatives can have an effect on NSK's business on a mid- to long-term basis. Earnings can also be affected, including indirectly, in line with recovery efforts following large-scale disasters such as earthquakes, heavy rains, and floods.

Competitive Environment
Although barriers to entry into the equipment industry are high, changes in the competitive environment for Japanese and global manufacturers of bearings, precision products and automotive components may affect revenues.

Changes in Technological Innovation and Industry Structure
The impact that automotive technological innovation and IoT has on the structure of industry will have direct and indirect effects on NSK's business.

Short term

Long term