



CONSOLIDATED BUSINESS RESULTS

FOR THE FIRST QUARTER
ENDED JUNE 30, 2018

August 1, 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

Summary of Consolidated Business Results for FY2018: Q1

Business Results for FY2018: Q1

✓ Consolidated Business Results for FY2018: Q1 (Apr.-Jun.)

(From FY2017: Q1)

Net Sales :	¥ 260.7 billion	(+¥ 16.9 billion / +6.9%)
Segment Income* :	¥ 25.5 billion	(+¥ 1.5 billion / +6.2%)
(%)	(9.8%)	
Operating Income :	¥ 24.8 billion	(+¥ 1.5 billion / +6.3%)
(%)	(9.5%)	
Net Income Attributable to Owners of the Parent :	¥ 17.7 billion	(+¥ 1.2 billion / +7.0%)

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

✓ YOY: Growth in both net sales and operating income.

Higher sales in both industrial machinery and automotive businesses.

Business Environment and Measures for FY2018 Q2 Onward

- ✓ Industrial machinery business: Strong demand expected to continue, although careful observation of environmental changes required.
- ✓ Automotive business: Modest growth to continue. Decline in steering business will be covered by strong automatic transmission sales.
- ✓ Acquisition of treasury stock: ¥20.0 billion (maximum 20 million shares)

Summary of Consolidated Business Results for FY2018: Q1

(Billions of yen)	FY2017			FY2018				
	Q1 <Actual>	1 st half <Actual>	Full year <Actual>	Q1 <Actual>	Increase/ Decrease YOY	Difference YOY	1 st half <FCST>	Full year <FCST>
Net sales	243.8	493.3	1,020.3	260.7	+16.9	+6.9%	509.0	1,020.0
Operating income	23.3	42.7	97.9	24.8	+1.5	+6.3%	47.0	98.0
<%>	<9.6%>	<8.7%>	<9.6%>	<9.5%>			<9.2%>	<9.6%>
Income before income taxes	23.6	42.4	97.2	25.3	+1.7	+7.3%	46.5	97.0
Net income attributable to owners of the parent	16.5	28.4	69.3	17.7	+1.2	+7.0%	33.0	69.0
(Ex. rate: 1USD=)	111.10	111.07	110.86	109.07	-2.03	-1.8%	105	105
(" 1EUR=)	122.19	126.29	129.70	130.06	+7.87	+6.4%	125	125
(" 1CNY=)	16.21	16.42	16.75	17.13	+0.92	+5.7%	16.7	16.7
Segment Income	24.0	44.2	100.3	25.5	+1.5	+6.2%	47.5	99.0
<%>	<9.8%>	<9.0%>	<9.8%>	<9.8%>			<9.3%>	<9.7%>

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

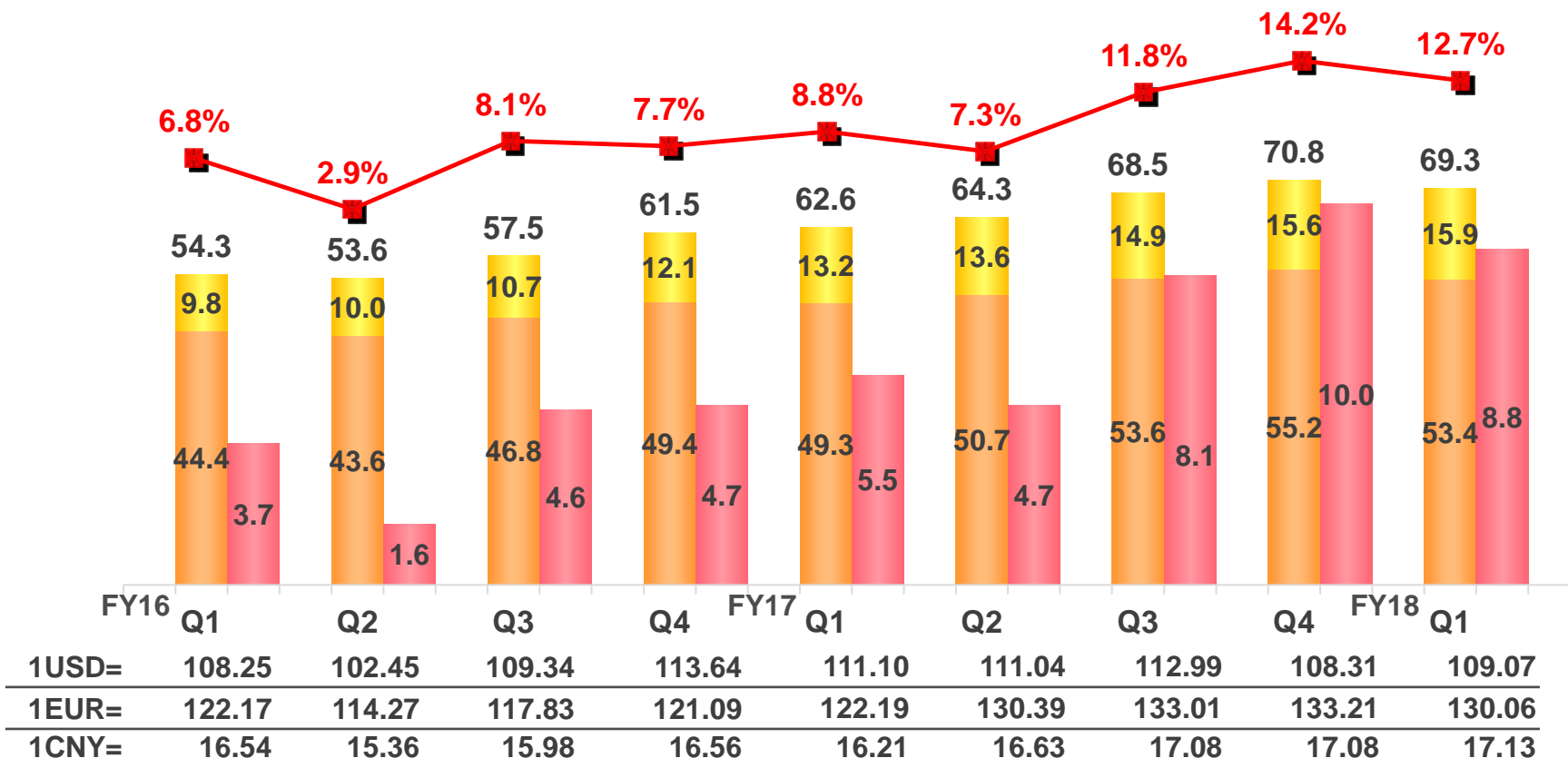
Sales & Operating Income Results by Business Segment

(Billions of yen)		FY2017			FY2018				
		Q1 <Actual>	1 st half <Actual>	Full year <Actual>	Q1 <Actual>	Increase/ Decrease YOY	Difference YOY	1 st half <FCST>	Full year <FCST>
Total	Net sales	243.8	493.3	1,020.3	260.7	+16.9	+6.9%	509.0	1,020.0
	Operating income	23.3	42.7	97.9	24.8	+1.5	+6.3%	47.0	98.0
	<%>	9.6%	8.7%	9.6%	9.5%			9.2%	9.6%
Industrial Machinery Business	Net sales	62.6	126.9	266.2	69.3	+6.7	+10.7%	139.0	283.0
	Industrial machinery bearings	49.3	100.0	208.9	53.4	+4.1	+8.2%	108.0	220.0
	Precision machinery and parts	13.2	26.9	57.4	15.9	+2.6	+19.8%	31.0	63.0
	Operating income	5.5	10.2	28.3	8.8	+3.3	+59.0%	17.5	38.0
	<%>	8.8%	8.1%	10.6%	12.7%			12.6%	13.4%
Automotive Business	Net sales	174.2	352.1	723.6	183.3	+9.1	+5.2%	355.0	706.0
	Automotive bearings	84.2	170.6	350.9	89.4	+5.2	+6.2%	178.5	362.5
	Automotive components	89.9	181.6	372.6	93.8	+3.9	+4.3%	176.5	343.5
	Operating income	17.2	31.2	66.0	15.3	-1.9	-11.0%	27.0	55.0
	<%>	9.9%	8.9%	9.1%	8.3%			7.6%	7.8%
Others	Net sales	13.0	26.7	57.9	14.8	+1.9	+14.3%	32.0	65.0
	Operating income	1.2	2.6	5.7	1.4	+0.1	+10.4%	3.0	6.0
	<%>	9.4%	9.6%	9.8%	9.1%			9.4%	9.2%
Eliminations (sales)		-5.9	-12.4	-27.4	-6.7	-0.8		-17.0	-34.0
Other operating expenses / Adjustments		-0.6	-1.3	-2.1	-0.6	-0.0		-0.5	-1.0

Business Results: Industrial Machinery Business

(Billions of yen)

■ Ind BRG ■ Precision ■ O.I —■ O.I (%)

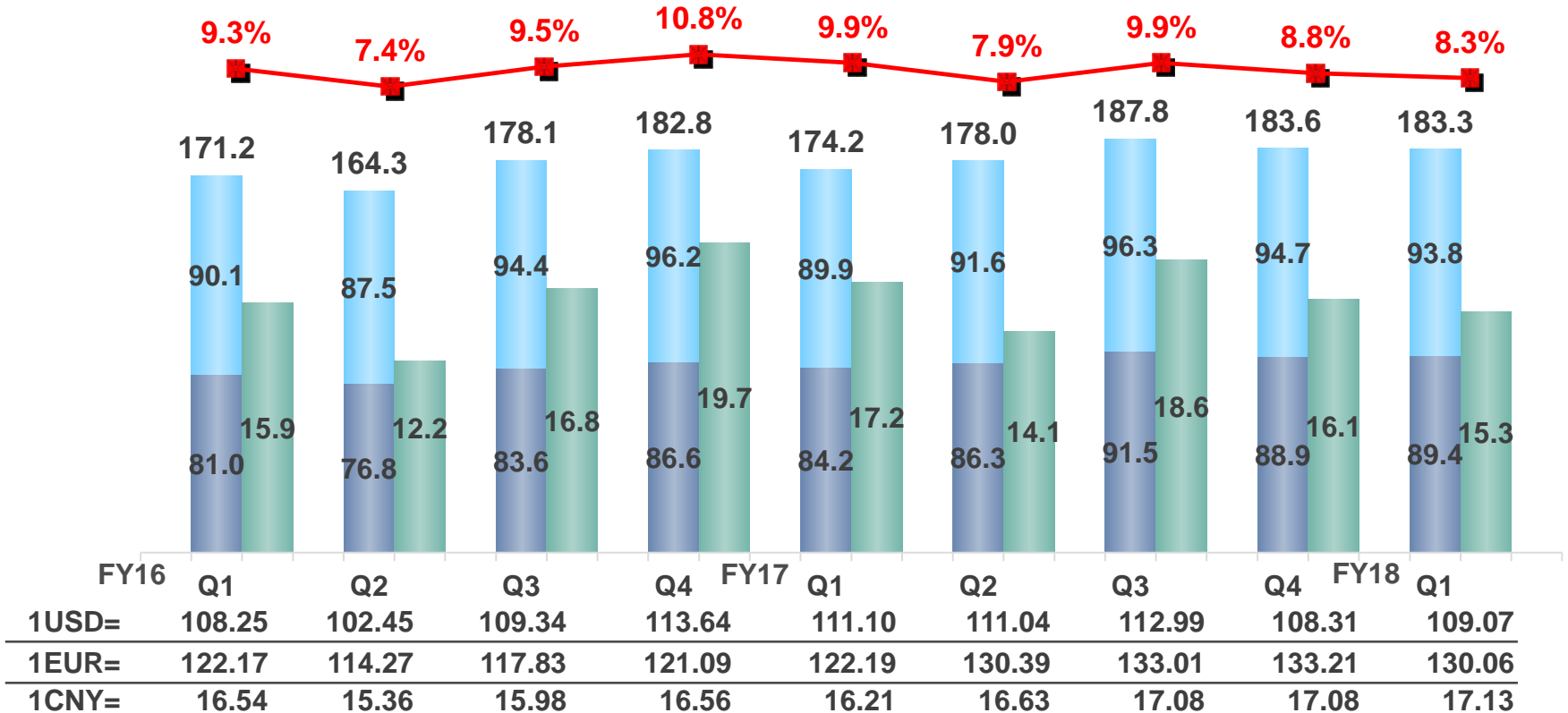


- ✓ Robust demand continued. Sales grew 11% year on year.
- ✓ Effect of volume and price increases saw OI rise 59% year on year.
- ✓ Precision: New quarterly record for both sales and OI.

Business Results: Automotive Business

(Billions of yen)

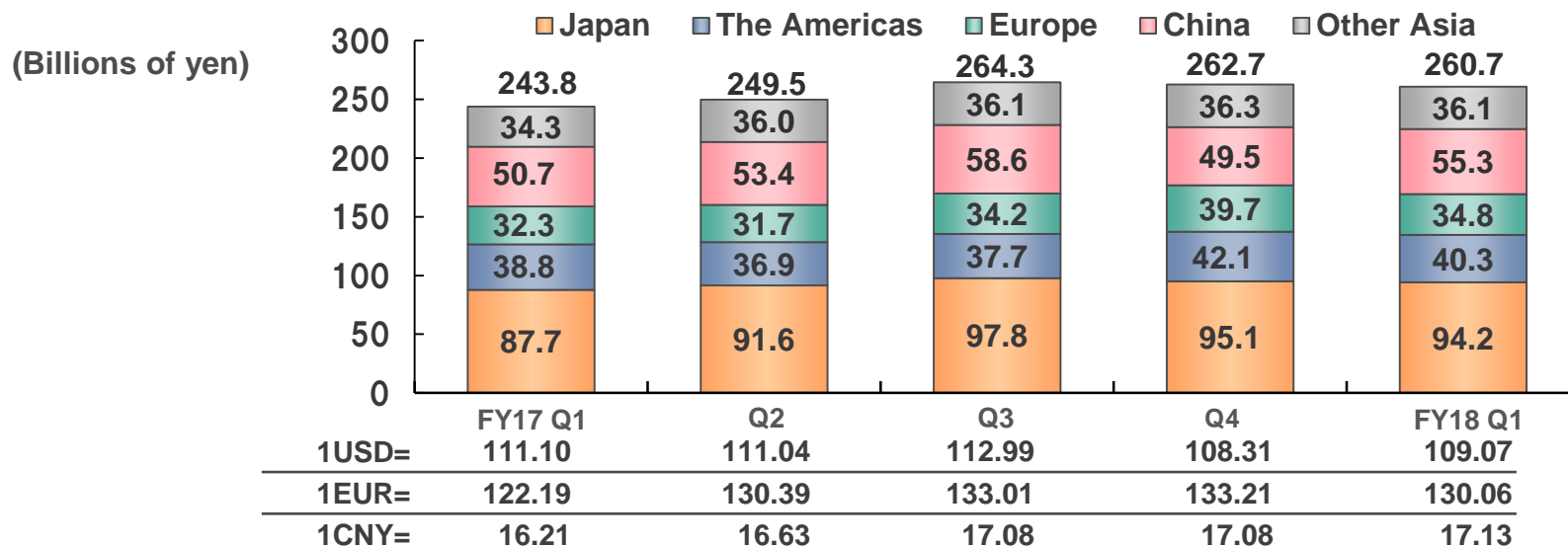
■ Auto BRG ■ Auto Comp ■ O.I ■ O.I (%)



- ✓ Sales rose 5% year on year; increased in all regions.
- ✓ Growth in AT-related business continued. Began customer delivery of ball screws for electric brake boosters.
- ✓ OI decreased due to decline in steering volume and cost increase factors including higher steel prices and expenditures.

Sales Results by Customer Location

(Billions of yen)	FY2017			FY2018				
	Q1 <Actual>	1 st half <Actual>	Full year <Actual>	Q1 <Actual>	Increase/ Decrease YOY	Difference YOY	1 st half <FCST>	Full year <FCST>
Net sales	243.8	493.3	1,020.3	260.7	+16.9	+6.9%	509.0	1,020.0
Japan	87.7	179.3	372.1	94.2	+6.5	+7.4%	190.5	381.5
Non-Japan	156.1	314.1	648.2	166.5	+10.4	+6.6%	318.5	638.5
<Non-Japan ratio>	<64.0%>	<63.7%>	<63.5%>	<63.9%>			<62.6%>	<62.6%>
The Americas	38.8	75.7	155.5	40.3	+1.4	+3.7%	76.0	150.5
Europe	32.3	64.0	137.9	34.8	+2.5	+7.9%	66.0	136.0
China	50.7	104.0	212.1	55.3	+4.6	+9.1%	104.5	207.5
Other Asia	34.3	70.3	142.8	36.1	+1.8	+5.1%	72.0	144.5



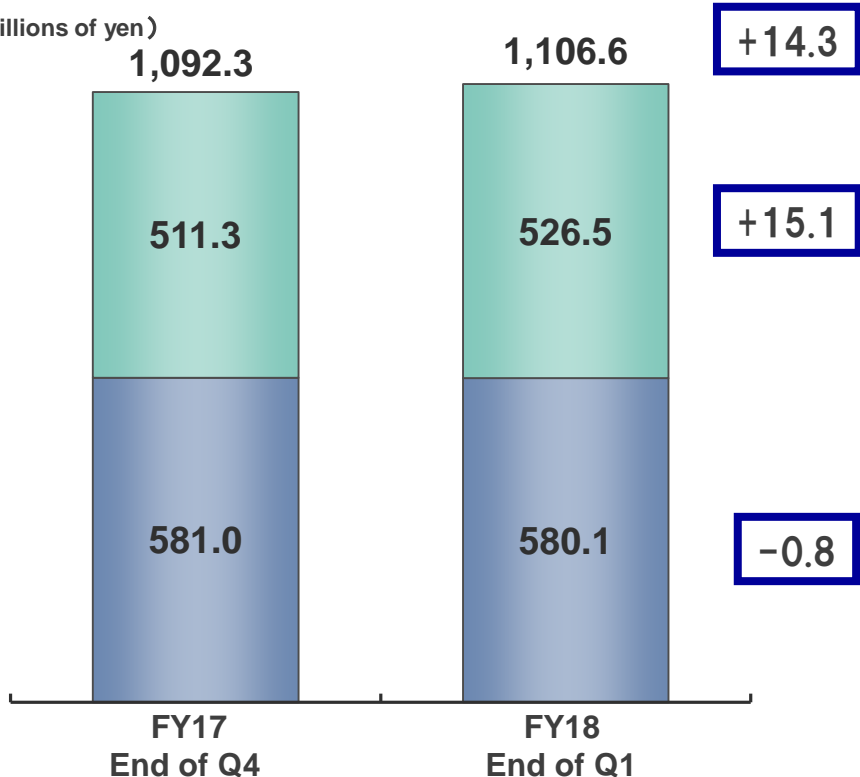
(Supplementary Information) Consolidated Balance Sheet

Assets

- Current assets
- Non-Current assets

Change from
Q4 FY17

(Billions of yen)

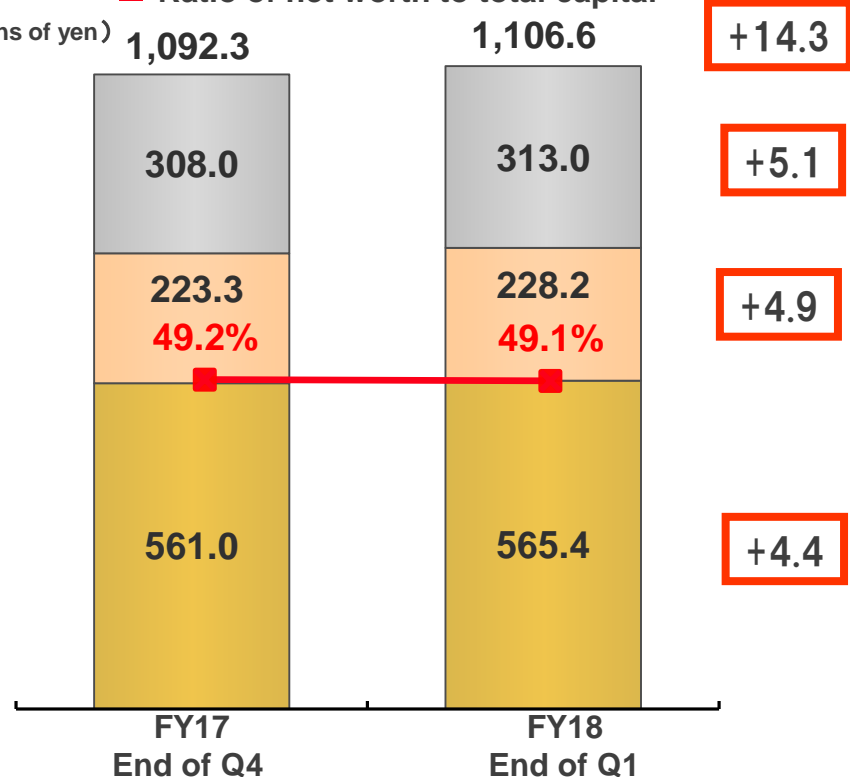


Liabilities / Total equity

- Current liabilities
- Non-Current liabilities
- Total equity
- Ratio of net worth to total capital

Change from
Q4 FY17

(Billions of yen)



Ex. Rate	FY17 End of Q4	FY18 End of Q1
1USD=	106.27	110.54
1EUR=	130.58	127.88
1CNY=	16.92	16.67

Inventories / Interest-Bearing Debt

Inventories

Interest-bearing debt

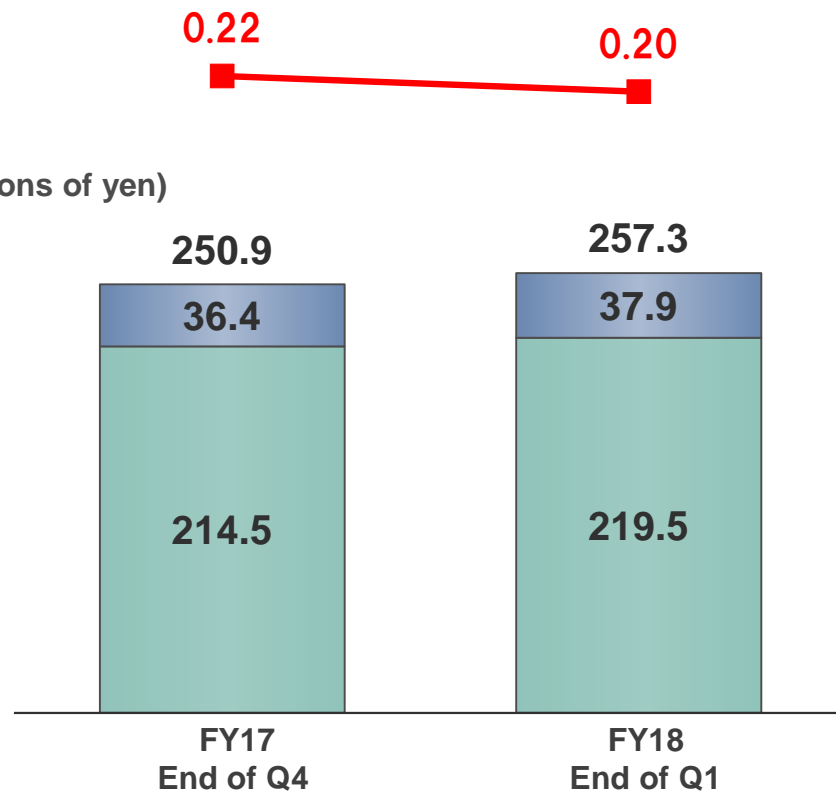
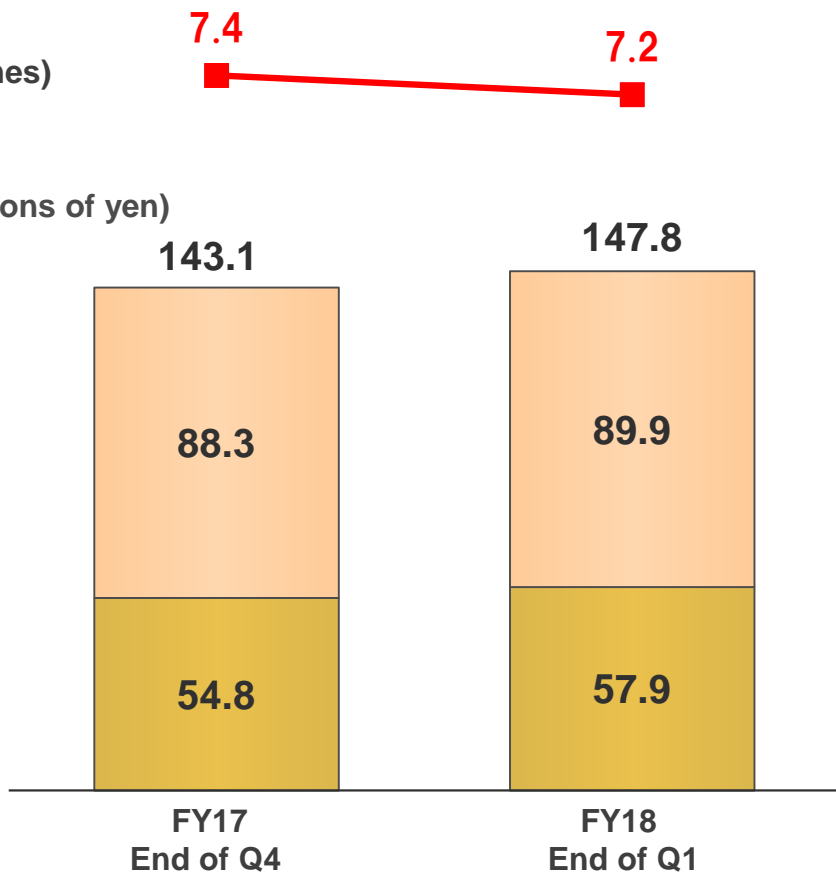
■ Japan ■ Non-Japan ■ Inventory turnover

■ Japan ■ Non-Japan ■ Net D/E ratio

(Times)

(Billions of yen)

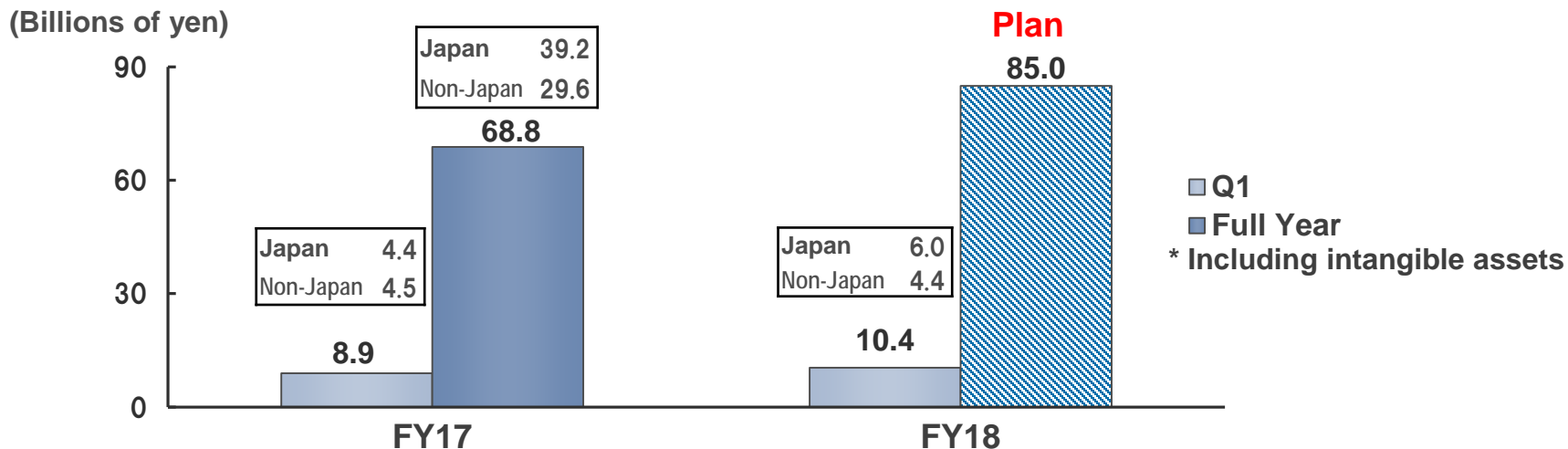
(Billions of yen)



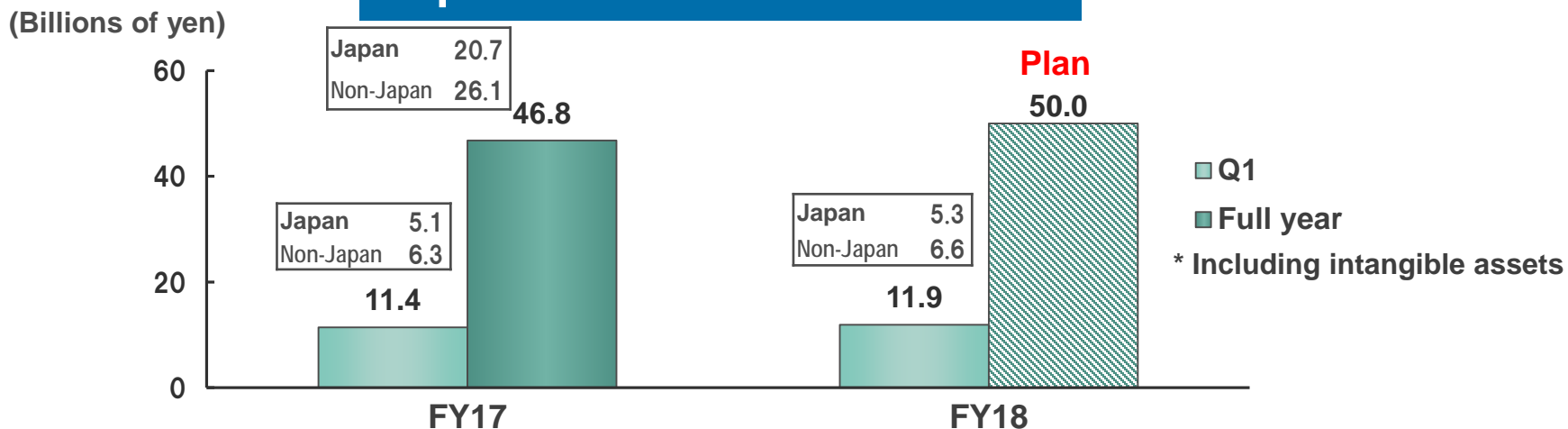
Ex. Rate	FY17 End of Q4	FY18 End of Q1
1USD=	106.27	110.54
1EUR=	130.58	127.88
1CNY=	16.92	16.67

Capital Expenditure / Depreciation and amortisation

Capital Expenditure



Depreciation and amortisation



R&D Expenses / Number of Employees

(Billions of yen)	FY2017					FY2018	
	Q1	Q2	Q3	Q4	Full year	Q1	Full year (Plan)
R&D expenses (on Statutory basis)	3.8	4.4	4.5	4.4	17.1	4.4	18.0

(Headcount)	FY2017				FY2018
	Q1	Q2	Q3	Q4	Q1
Total:	31,614	31,760	32,021	31,861	31,924
Japan	11,575	11,564	11,634	11,607	11,818
The Americas	3,048	3,087	3,103	3,080	3,127
Europe	3,695	3,674	3,806	3,908	3,994
Asia	13,296	13,435	13,478	13,266	12,985