



FINANCIAL CONFERENCE

Consolidated Business Results, Forecast, and The 6th Mid-term Plan



May 14, 2019

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

- 1. Consolidated Business Results
for the Year Ended March 31, 2019**
- 2. Consolidated Business Forecast
for the Year Ending March 31, 2020**
- 3. The 6th Mid-Term Management Plan

(Supplementary Information)**

1. Consolidated Business Results for the Year Ended March 31, 2019

Summary of Consolidated Business Results for the Year Ended March 31, 2019

Business Environment

- ✓ FY2018 1st half (Apr.-Sep.): Robust demand, record-high sales.
2nd half(Oct.-Mar.): Demand decreased.
- ✓ Industrial machinery business: Impact of trade frictions were felt.
Capital expenditure remained stagnant.
- ✓ Automotive business: Lower production in Europe due to WLTP.
Negative growth in Chinese market.

Summary of Business Results

| ✓ Consolidated Business Results | | (YOY) |
|--|-----------------|----------------------------|
| Sales : | ¥ 991.4 billion | (-¥ 29.0 billion / -2.8%) |
| Segment Income* : | ¥ 83.3 billion | (-¥ 17.0 billion / -17.0%) |
| Operating Income : | ¥ 79.3 billion | (-¥ 18.6 billion / -19.0%) |
| (O.I.%) | (8.0%) | (-1.6p) |
| Net Income Attributable to Owners of the Parent : | ¥ 55.8 billion | (-¥ 13.5 billion / -19.5%) |

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

- ✓ Sales and operating income slowed in the 2nd half, decreased YOY.
- ✓ FY2018 full year dividends: ¥ 40 per share (same amount as FY2017; as planned)
Acquisition of treasury stock: ¥ 20.0 billion
- ✓ Total return ratio: 73.1% (payout ratio: 37.2%)
- ✓ ROE: 10.4%, maintained double-digits.

Summary of Consolidated Business Results for the Year Ended March 31, 2019

| (Billions of yen) | FY2017 <Actual> | FY2018 <Actual> | Increase/ Decrease YOY | FY2018 <Feb FCST> | Increase/ Decrease vs Feb FCST |
|--|--------------------|--------------------|------------------------------|----------------------|--------------------------------------|
| Sales | 1,020.3 | 991.4 | -29.0 | 985.0 | +6.4 |
| Operating income | 97.9 | 79.3 | -18.6 | 83.0 | -3.7 |
| <%> | <9.6%> | <8.0%> | | <8.4%> | |
| Income before income taxes | 97.2 | 79.2 | -18.0 | 82.5 | -3.3 |
| Net income attributable to owners of the parent | 69.3 | 55.8 | -13.5 | 58.0 | -2.2 |
| (Ex. rate:1USD=) | 110.86 | 110.91 | +0.05 | 110.86 | +0.05 |
| (" 1EUR=) | 129.70 | 128.40 | -1.30 | 128.37 | +0.03 |
| (" 1CNY=) | 16.75 | 16.54 | -0.21 | 16.51 | +0.03 |

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

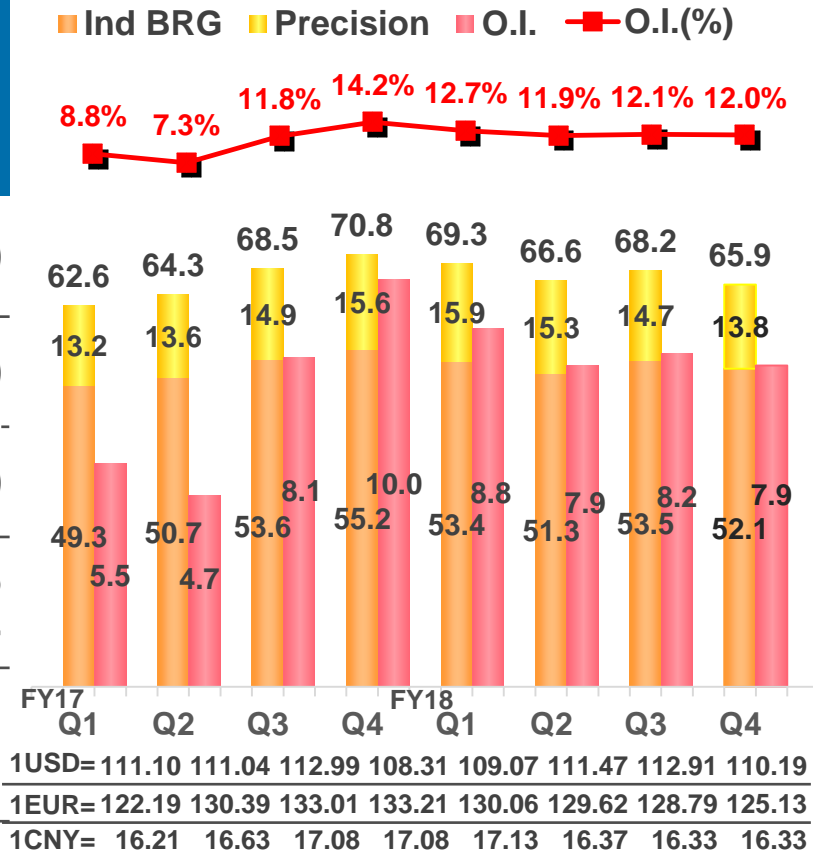
| | | | | | |
|----------------|--------|--------|-------|--------|------|
| Segment income | 100.3 | 83.3 | -17.0 | 85.5 | -2.2 |
| <%> | <9.8%> | <8.4%> | | <8.7%> | |

【Major indexes】

| | | |
|----------------------------|-------|-------|
| ROE | 13.9% | 10.4% |
| Net D/E ratio (times) | 0.22 | 0.27 |
| Inventory turnover (times) | 7.4 | 6.6 |

Business Results: Industrial Machinery Business

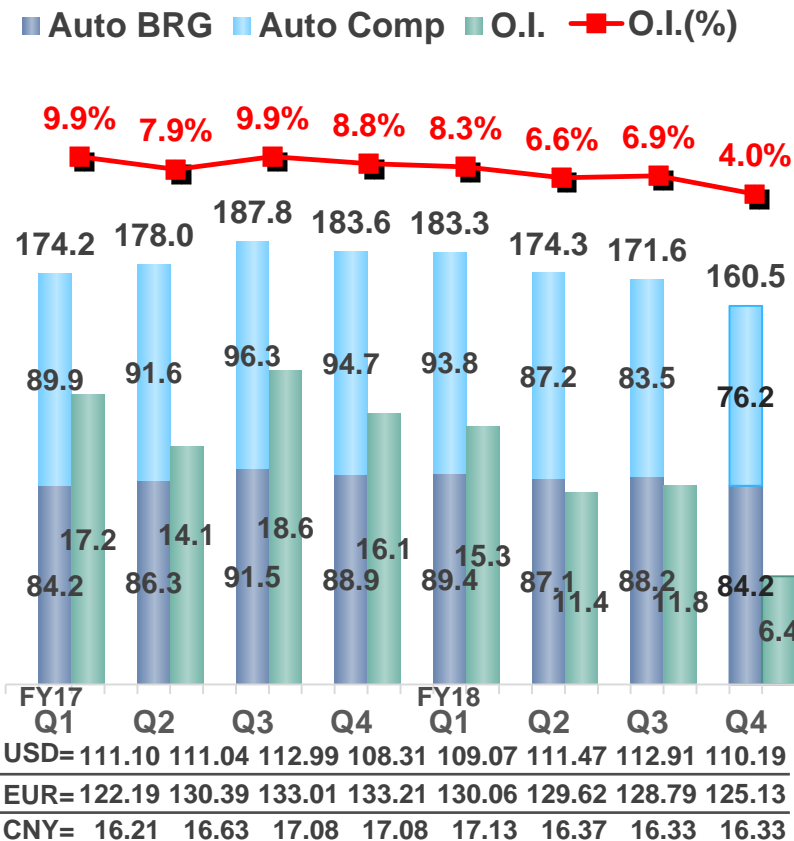
| (Billions of yen) | FY2017 <Actual> | FY2018 <Actual> | Increase/ Decrease YOY | Difference YOY | (Reference) FY2018 <Feb FCST> |
|-------------------------------|--------------------|--------------------|------------------------------|-------------------|-------------------------------------|
| Sales | 266.2 | 270.0 | +3.7 | +1.4% | 267.0 |
| Industrial machinery bearings | 208.9 | 210.3 | +1.4 | +0.7% | 209.0 |
| Precision machinery and parts | 57.4 | 59.7 | +2.3 | +4.1% | 58.0 |
| Operating income | 28.3 <10.6%> | 32.9 <12.2%> | +4.6 | +16.1% | 32.5 <12.2%> |
| (Ex. rate:1USD=) | 110.86 | 110.91 | +0.05 | +0.0% | 110.86 |
| (" 1EUR=) | 129.70 | 128.40 | -1.30 | -1.0% | 128.37 |
| (" 1CNY=) | 16.75 | 16.54 | -0.21 | -1.3% | 16.51 |



- ✓ Robust sales in the 1st half contributed. Both sales and operating income increased YOY.
- ✓ Industrial machinery bearings: slightly increased.
Precision machinery and parts: volume increased, hitting a record high.
- ✓ Pricing policy contributed - operating income ratio increased to 12% level.
- ✓ Clear demand adjustment phase from Q4 onward.
However, infrastructure including wind power remained solid.

Business Results: Automotive Business

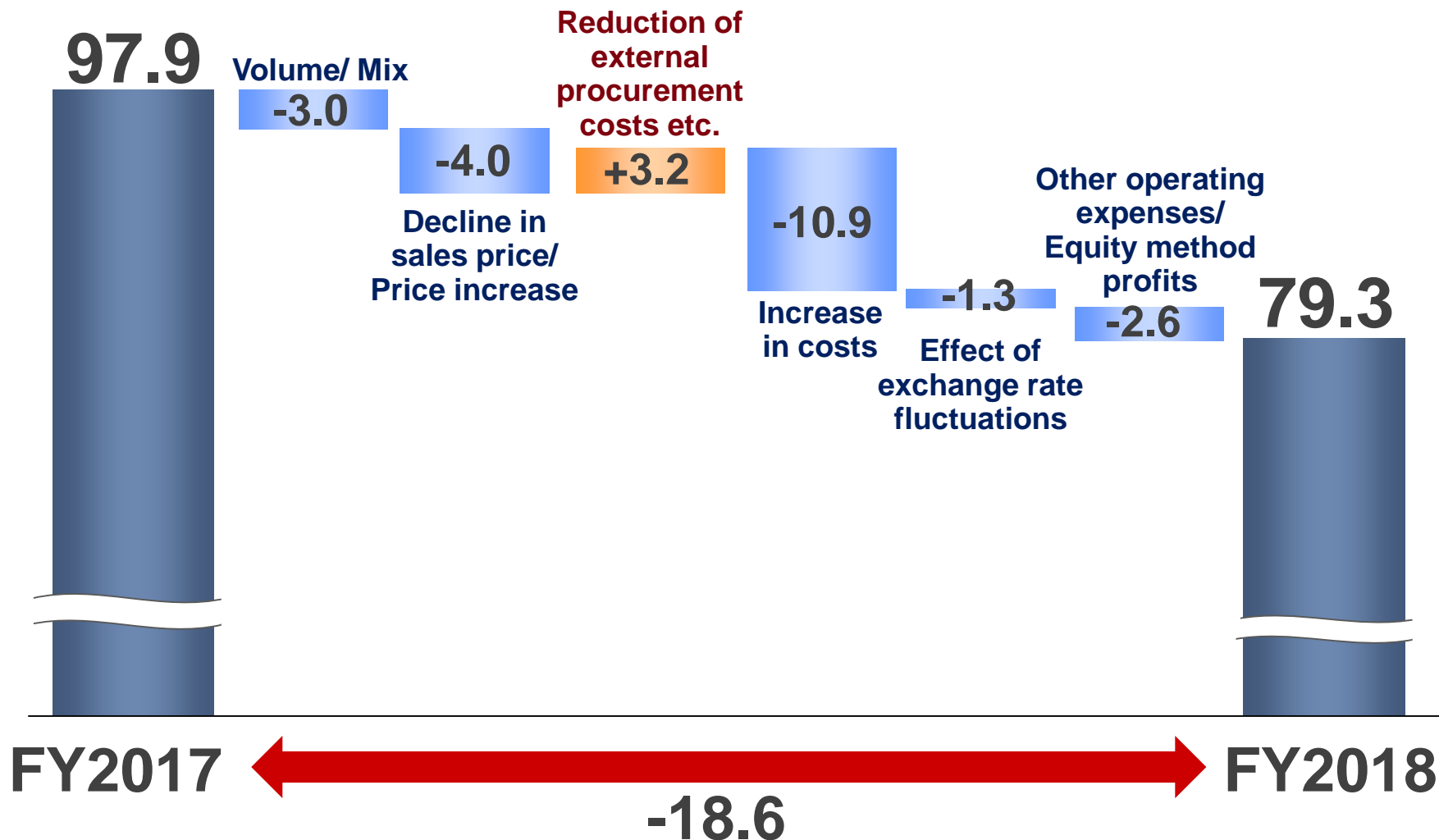
| (Billions of yen) | FY2017 <Actual> | FY2018 <Actual> | Increase/ Decrease YOY | Difference YOY | (Reference) FY2018 <Feb FCST> |
|-----------------------|--------------------|--------------------|------------------------------|-------------------|-------------------------------------|
| Sales | 723.6 | 689.7 | -33.9 | -4.7% | 687.0 |
| Automotive bearings | 350.9 | 348.9 | -2.0 | -0.6% | 348.5 |
| Automotive components | 372.6 | 340.8 | -31.9 | -8.6% | 338.5 |
| Operating income | 66.0 <9.1%> | 44.9 <6.5%> | -21.0 | -31.9% | 47.0 <6.8%> |
| (Ex. rate:1USD=) | 110.86 | 110.91 | +0.05 | +0.0% | 110.86 |
| (" 1EUR=) | 129.70 | 128.40 | -1.30 | -1.0% | 128.37 |
| (" 1CNY=) | 16.75 | 16.54 | -0.21 | -1.3% | 16.51 |



- ✓ WLTP in Europe, adjustment in China. Global vehicle production volume -2.2% YOY.
- ✓ Automotive bearings: decreased slightly, -0.6% YOY.
- ✓ Automotive components: sales of AT-related products increased; steering sales decreased.
- ✓ Operating income declined YOY due to lower volume as well as cost increases including steel, R&D costs and labor costs.

Operating Income: Factors Behind Change (FY2017 ⇒ FY2018)

(Billions of yen, Figures are rounded to the nearest 100 million yen)



2. Consolidated Business Forecast for the Year Ending March 31, 2020

Summary of Consolidated Business Forecast for the Year Ending March 31, 2020

Forecasted Business Environment

- ✓ Assumption: demand is to hit bottom in the 1st half and recover in the 2nd half.
- ✓ Risks: Protracted trade frictions, postponement in capital expenditure, no-deal BREXIT.

Business Forecast

✓ Consolidated Business Forecast

(YOY)

| | | |
|--|-----------------|----------------------------|
| Sales : | ¥ 945.0 billion | (-¥ 46.4 billion / -4.7%) |
| Segment Income : | ¥ 66.0 billion | (-¥ 17.3 billion / -20.7%) |
| Operating Income : | ¥ 63.0 billion | (-¥ 16.3 billion / -20.5%) |
| (O.I.%) | (6.7%) | (-1.3p) |
| Net Income Attributable to Owners of the Parent : | ¥ 45.0 billion | (-¥ 10.8 billion / -19.4%) |

- ✓ Industrial machinery business: resumption of capital expenditure and demand recovery (machine tools, semiconductors) in the 2nd half.
- ✓ Automotive business: bearing and AT-related products exceed overall market growth. EOP impact to continue in steering business.
- ✓ Exchange rate : USD=¥110, EURO=¥125, CNY=¥16.5
- ✓ FY19 full-year dividends (forecast): ¥40/per share, same amount as FY18, payout ratio of 45.5%.

Summary of Consolidated Business Forecast for the Year Ending March 31, 2020

| (Billions of yen) | FY2018 | | | FY2019 | | | Increase/ Decrease YOY | Difference YOY |
|--|----------------------------------|----------------------------------|-----------------------|------------------------------------|------------------------------------|-------------------------|------------------------------|-------------------|
| | 1 st half <Actual> | 2 nd half <Actual> | Full year <Actual> | 1 st half <Forecast> | 2 nd half <Forecast> | Full year <Forecast> | | |
| Sales | 509.6 | 481.8 | 991.4 | 464.0 | 481.0 | 945.0 | -46.4 | -4.7% |
| Operating income <%> | 45.0 <8.8%> | 34.3 <7.1%> | 79.3 <8.0%> | 25.0 <5.4%> | 38.0 <7.9%> | 63.0 <6.7%> | -16.3 | -20.5% |
| Income before income taxes | 45.1 | 34.1 | 79.2 | 25.0 | 37.5 | 62.5 | -16.7 | -21.1% |
| Net income attributable to owners of the parent | 30.9 | 24.9 | 55.8 | 19.0 | 26.0 | 45.0 | -10.8 | -19.4% |
| (Ex. rate:1USD=) | 110.27 | 111.55 | 110.91 | 110 | 110 | 110 | -0.91 | -0.8% |
| (" 1EUR=) | 129.84 | 126.96 | 128.40 | 125 | 125 | 125 | -3.40 | -2.6% |
| (" 1CNY=) | 16.75 | 16.33 | 16.54 | 16.5 | 16.5 | 16.5 | -0.04 | -0.2% |
| Segment income | 46.4 | 36.9 | 83.3 | 26.5 | 39.5 | 66.0 | -17.3 | -20.7% |
| <%> | <9.1%> | <7.7%> | <8.4%> | <5.7%> | <8.2%> | <7.0%> | | |

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

Forecast by Business Segment

| (Billions of yen) | | FY2018 | | | FY2019 | | | Increase/ Decrease YOY | Difference YOY |
|---|-------------------------------|----------------------------------|----------------------------------|-----------------------|------------------------------------|------------------------------------|-------------------------|------------------------------|-------------------|
| | | 1 st half <Actual> | 2 nd half <Actual> | Full year <Actual> | 1 st half <Forecast> | 2 nd half <Forecast> | Full year <Forecast> | | |
| Total | Sales | 509.6 | 481.8 | 991.4 | 464.0 | 481.0 | 945.0 | -46.4 | -4.7% |
| | Operating income | 45.0 | 34.3 | 79.3 | 25.0 | 38.0 | 63.0 | -16.3 | -20.5% |
| | <%> | 8.8% | 7.1% | 8.0% | 5.4% | 7.9% | 6.7% | | |
| Industrial Machinery Business | Sales | 135.9 | 134.1 | 270.0 | 129.0 | 136.0 | 265.0 | -5.0 | -1.8% |
| | Industrial machinery bearings | 104.7 | 105.6 | 210.3 | 103.0 | 107.0 | 210.0 | -0.3 | -0.1% |
| | Precision machinery and parts | 31.2 | 28.5 | 59.7 | 26.0 | 29.0 | 55.0 | -4.7 | -7.9% |
| | Operating income | 16.7 | 16.2 | 32.9 | 12.0 | 17.0 | 29.0 | -3.9 | -11.8% |
| | <%> | 12.3% | 12.0% | 12.2% | 9.3% | 12.5% | 10.9% | | |
| Automotive Business | Sales | 357.6 | 332.1 | 689.7 | 321.0 | 329.0 | 650.0 | -39.7 | -5.8% |
| | Automotive bearings | 176.5 | 172.4 | 348.9 | 172.0 | 180.5 | 352.5 | +3.6 | +1.0% |
| | Automotive components | 181.1 | 159.7 | 340.8 | 149.0 | 148.5 | 297.5 | -43.3 | -12.7% |
| | Operating income | 26.7 | 18.2 | 44.9 | 13.0 | 20.0 | 33.0 | -11.9 | -26.6% |
| | <%> | 7.5% | 5.5% | 6.5% | 4.0% | 6.1% | 5.1% | | |
| Others | Sales | 30.3 | 32.6 | 62.9 | 28.0 | 31.0 | 59.0 | -3.9 | -6.2% |
| | Operating income | 2.8 | 2.8 | 5.6 | 1.5 | 2.5 | 4.0 | -1.6 | -28.7% |
| | <%> | 9.3% | 8.5% | 8.9% | 5.4% | 8.1% | 6.8% | | |
| Eliminations (sales) | | -14.2 | -17.0 | -31.2 | -14.0 | -15.0 | -29.0 | +2.2 | |
| Other operating expenses / Adjustments | | -1.3 | -2.9 | -4.2 | -1.5 | -1.5 | -3.0 | +1.2 | |

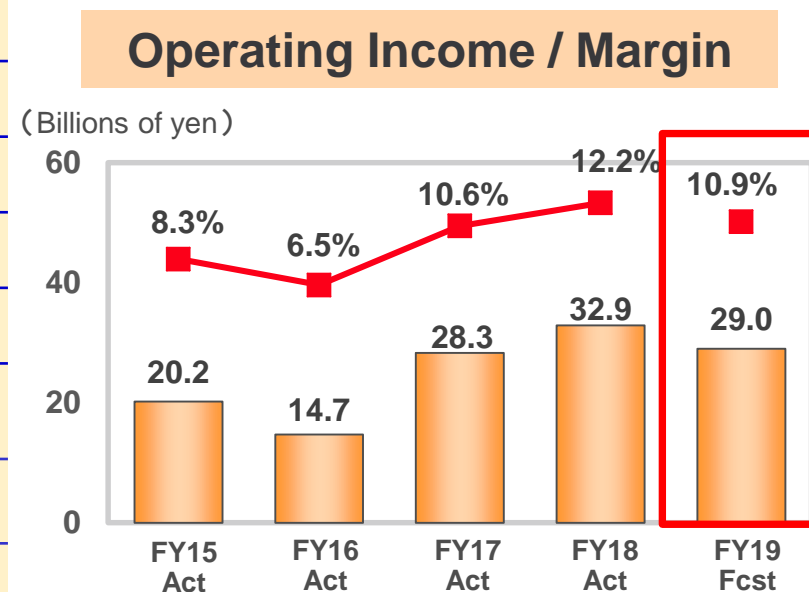
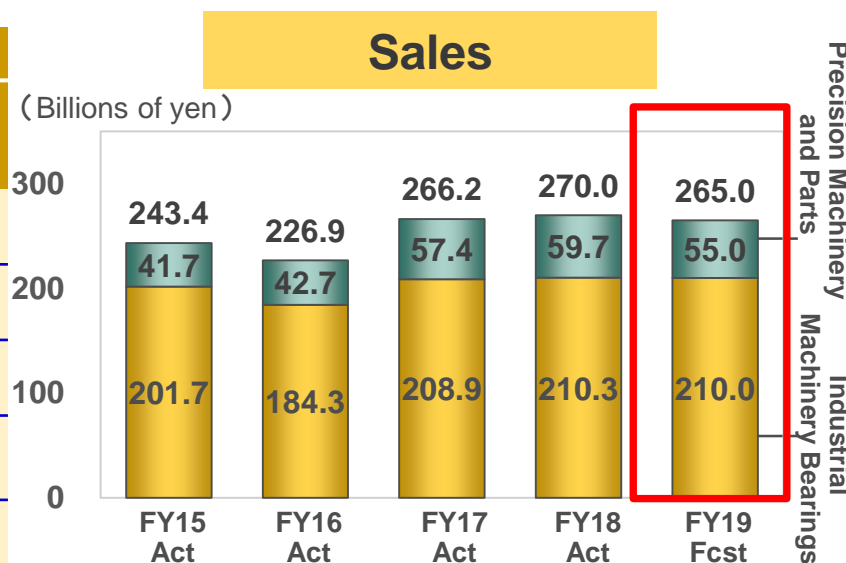
Industrial Machinery Business

Business Environment and Business Forecast

【 Demand trend by Sector 】

| Sector | | | Actual | Forecast | |
|----------------|---------------------------------|-------------------|---------------------|---------------------|---------------------|
| | | | 19/3 2H vs. 19/3 1H | 20/3 1H vs. 19/3 2H | 20/3 2H vs. 20/3 1H |
| Capital goods | Precision Equipment | Machine Tools | ↓↓ | ↓ | ↑↑ |
| | | Semiconductors | ↓↓ | ↓ | ↑↑ |
| | | Robots | ↓↓ | ↓ | ↑ |
| | | Injection Molding | ↓↓ | ↓ | ↑↑ |
| | Motor | ↓ | → | ↑ | |
| | Steel Plant Facilities | → | → | → | |
| | Fluid Machinery | ↓ | → | ↑ | |
| | Agricultural Machinery | ↑ | → | → | |
| Infrastructure | Wind Turbines | ↑↑ | → | ↑ | |
| | Railcars | ↑ | → | → | |
| | Mining / Construction Machinery | → | → | → | |
| Consumer goods | Home Appliances | ↓↓ | → | → | |
| Aftermarket | | → | → | → | |

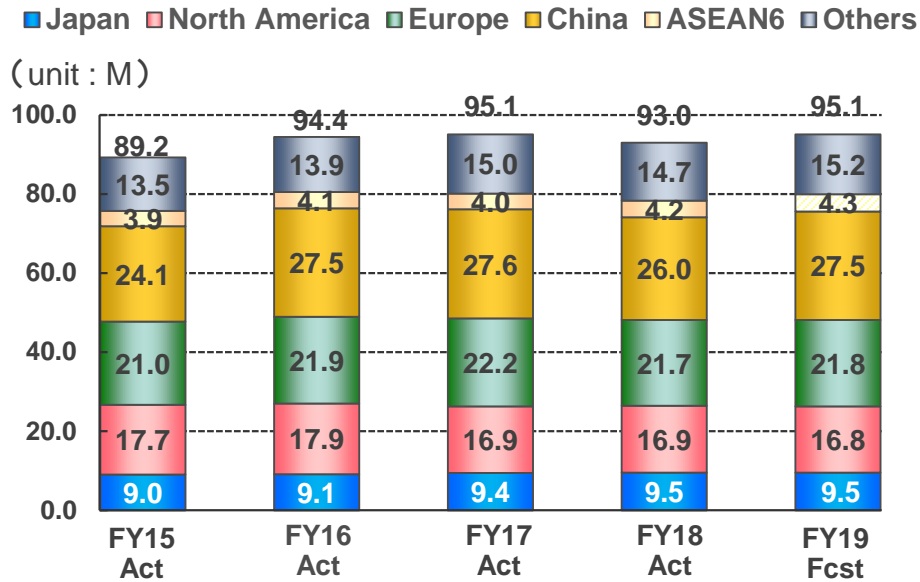
Demand forecast: ↑ Increase, → Unchanged, ↓ Decrease



Automotive Business

Vehicle Production and Business Forecast

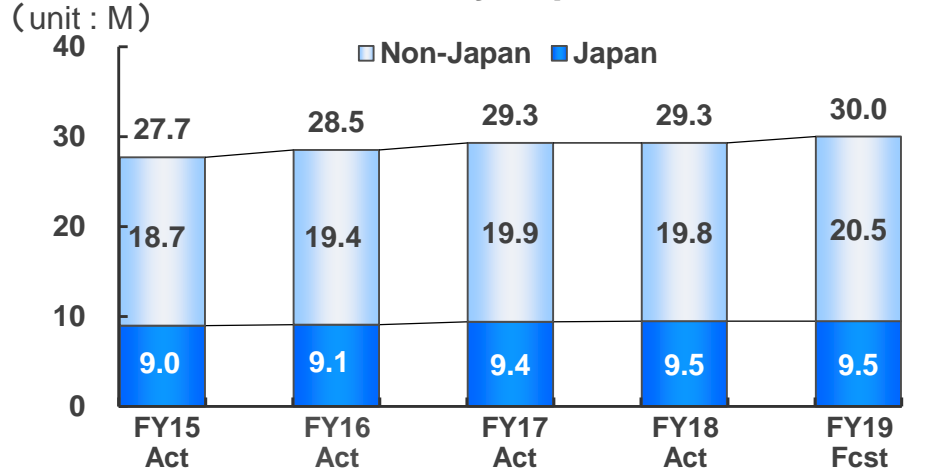
Global Vehicle Production Volume



Source: IHS Automotive, NSK Estimates

(at the planning phase)

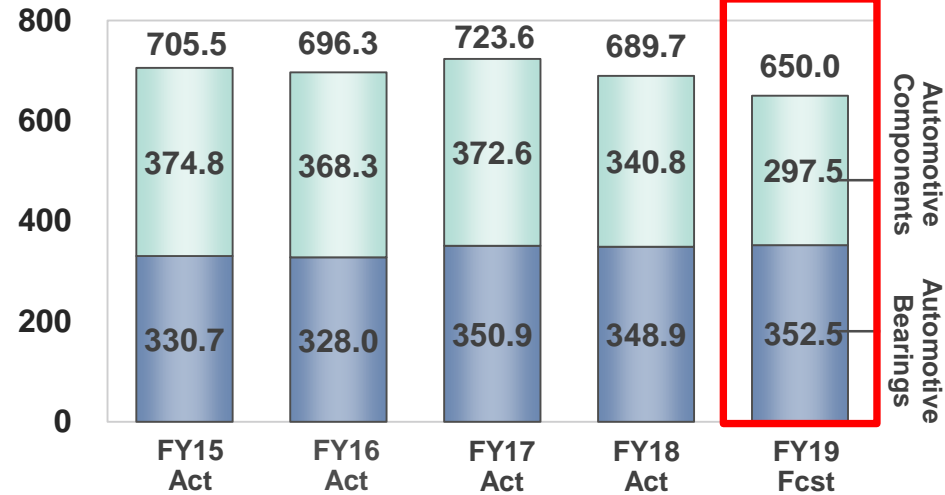
Production Volume by Japanese Automakers



(at the planning phase)

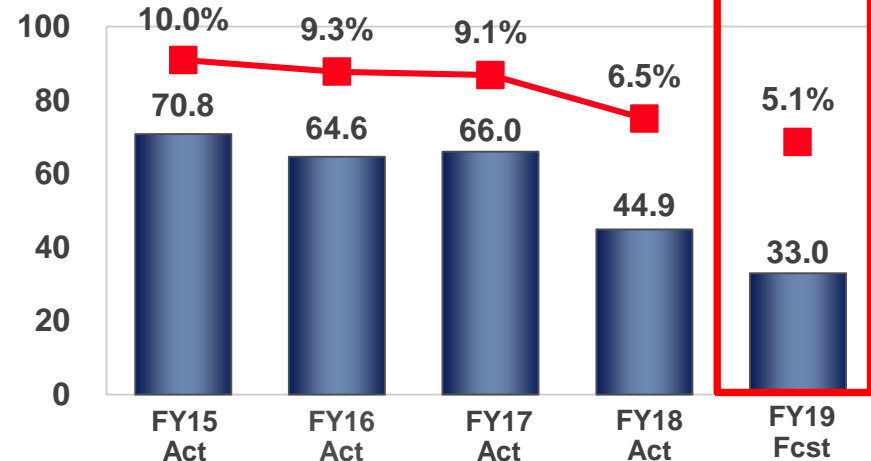
Sales

(Billions of yen)



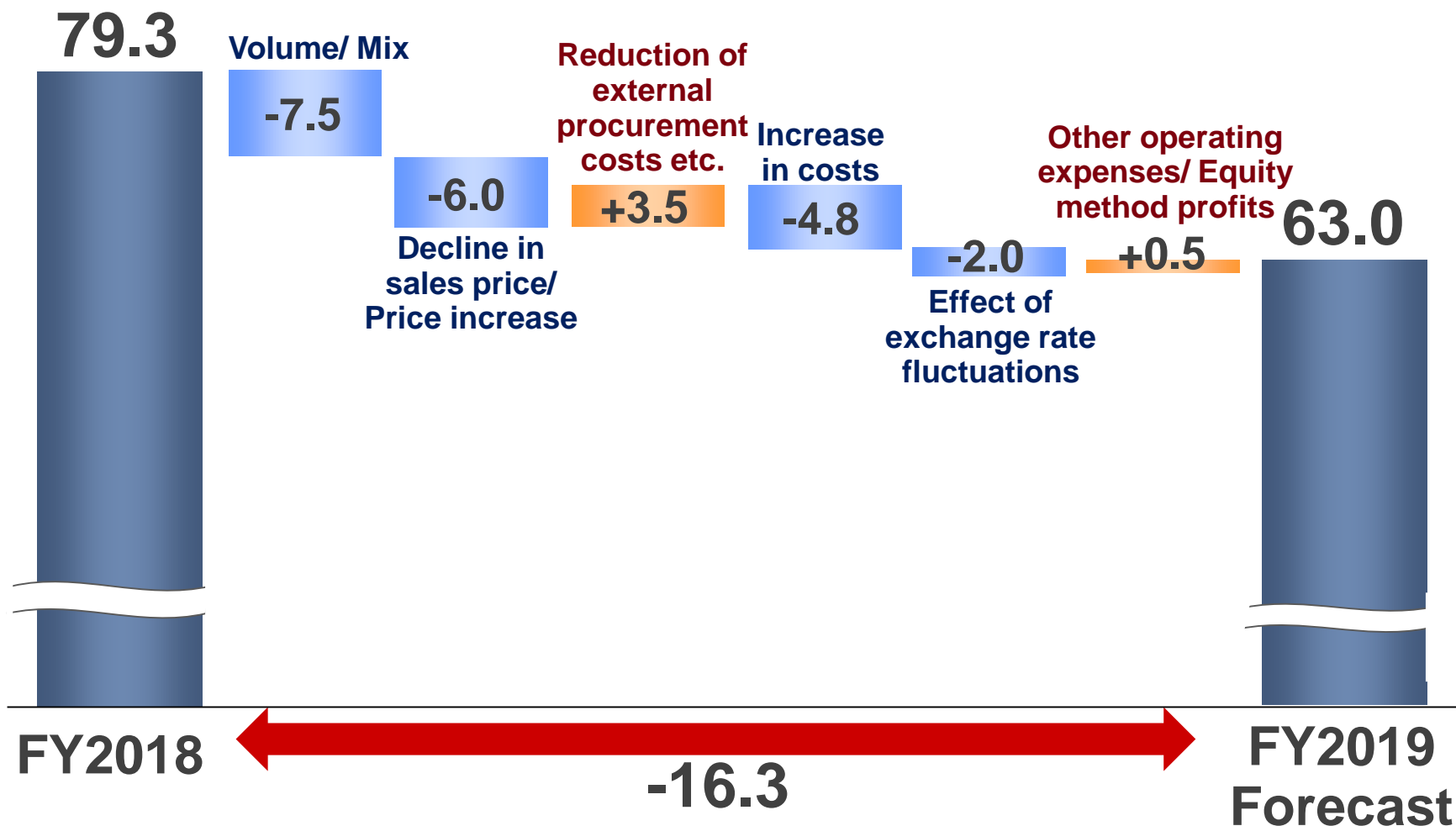
Operating Income / Margin

(Billions of yen)



Operating Income: Factors Behind Change (FY2018 ⇒ FY2019 Forecast)

(Billions of yen, Figures are rounded to the nearest 100 million yen)



3. The 6th Mid-Term Management Plan

Review of the 5th MTP

Concept of the 5th MTP

NSK Vision 2026 Setting the Future in Motion

Embark on new chapter in evolution towards next 100 years

Operational
Excellence

Sustainable Growth

Deliver new value to society
Work together with stakeholders

Reconstruct profit base

Increase and stabilize profitability
Monozukuri, quality, personnel

Expand into new growth fields

Growth in core businesses
New products, new fields

Innovate
and Challenge

Industrial Machinery • Automotive

Safety • Quality • Compliance

Business Foundation as 1 trillion Yen Company

Numerical Targets / Results

| | FY18 Original Plan | FY18 Actual |
|---|--------------------------------|------------------------------------|
| Sales | ¥1 trillion | ¥991.4 billion |
| Operating Income | ¥100.0 billion | ¥79.3 billion |
| Net Income attributable to owners of the parent | ¥70.0 billion | ¥55.8 billion |
| Operating Income % | 10.0% | 8.0% |
| ROE | 10.0% or more | 10.4% |
| Net D/E ratio | 0.3 times | 0.27 times |
| Exchange rate | USD=105 EUR=120 CNY=16.7 | USD=110.9 EUR=128.4 CNY=16.5 |

Achievements and Shortcomings

- Growth in powertrain business and recovery in industrial machinery business (FY2017 reached a record-high performance)
- Developed and proposed new technologies and products
- Started smart-factory model-line operations
- Expanded initiatives to address social issues (ESG, SDGs)
- Strengthened shareholder returns. Total return ratio 57% (3-year total)

- ¥1 trillion sales and a double-digit operating profit ratio remains an ongoing challenge
- Delay in EPS growth restart scenario ● Productivity improvements leveraging ICT

Establish corporate foundation for sustainable growth (Ideal structure of NSK in 2026)

Vision for 2026 : Establish a corporate foundation for sustainable growth

Provide values through evolution of MOTION & CONTROL™

<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.

ESG management

- Safety, Quality, Compliance, and Environment
- Corporate governance

Value created

- Environmental contribution (low friction, high efficiency, safe)
- Improvement of transmission efficiency
- Contribution to an advanced technological society
- Realization of a more prosperous society
- Growth of a wide range of industries
- Advancement in mobile society
- Improvement of shareholder value

3 key management tasks

Business growth and profitability

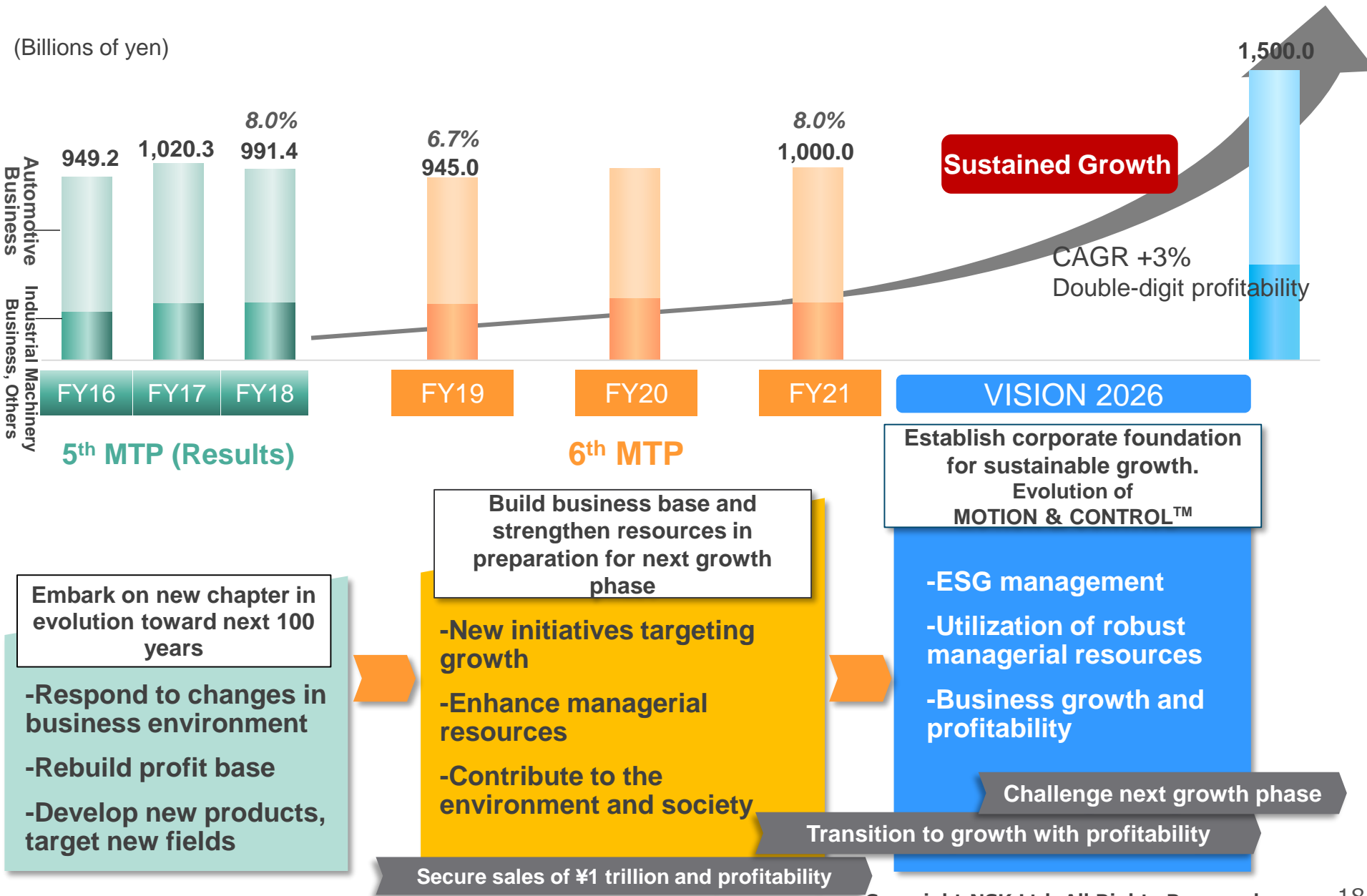
- Balance investment in future growth with shareholder returns under a stable financial structure

Utilization of robust managerial resources

- Personnel, Technology, Organization, Information

<NSK's 7 key SDGs>

Positioning of the 6th MTP toward 2026



Build business base and strengthen resources in preparation for next growth phase

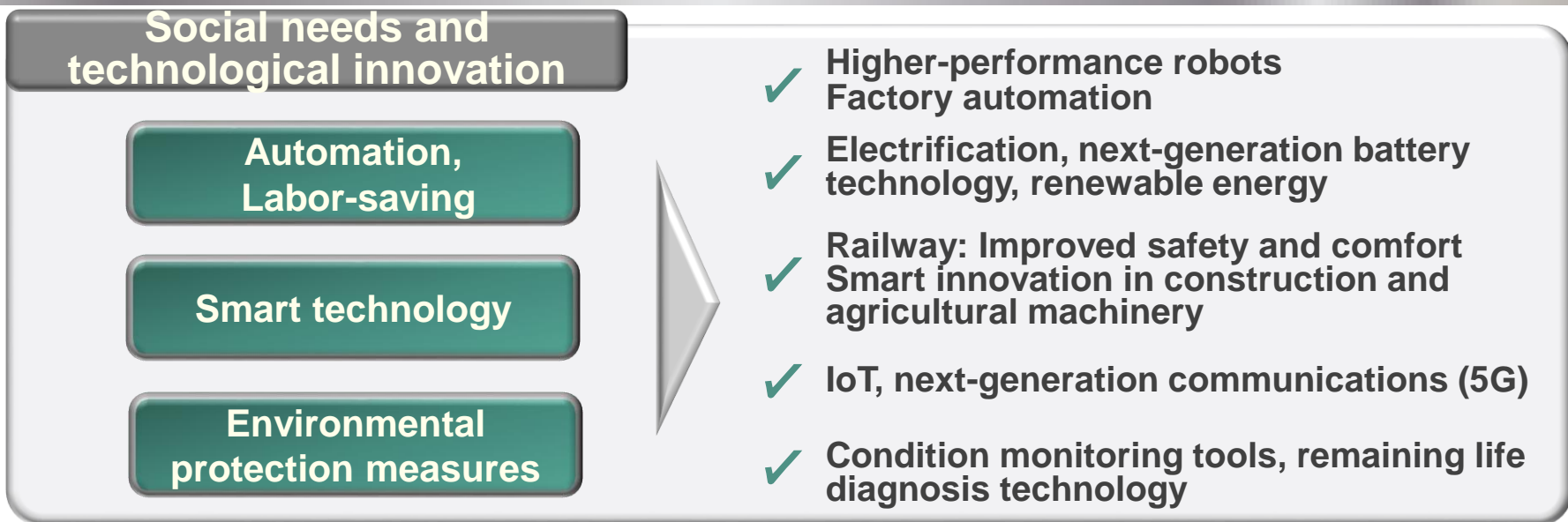
Secure sales of ¥1 trillion and profitability



| | | 5 th MTP (FY18) Results |
|------------------------|--|---|
| Growth | Sales/ Growth ratio | ¥991.4 billion |
| Profitability | Operating Income % | 8.0% |
| Efficiency | ROE | 10.4% |
| Financial Stability | Net D/E ratio Equity ratio | 0.27 times 49.4% |
| Shareholder returns | Payout ratio Share buyback | (3-year total) 36.3% (Share buyback) ¥35.0 billion |
| Capital expenditure | Capital expenditure (3-year total) | ¥208.5 billion |
| R&D | R&D Expenses | (3-year total) ¥86.3 billion |

| 6 th MTP Management Targets | |
|---|--|
| Sales growth 2%/year | Industrial Machinery : Achieve sales growth that surpasses market growth Automotive Brgs : Achieve sales growth that surpasses growth in global vehicle production volume. Automotive Comps: Secure orders to restart growth in steering business. |
| 8% or more | Secure stable profitability |
| 10% or more | ROE exceeding cost of capital |
| 0.3 times 50% | Maintain an A-level credit ranking |
| Payout ratio 30 - 50% Cash dividend ¥40/share or more | Continue stable dividend Acquisition of treasury shares Agile capital policy |
| ¥180.0 billion | Investments to underpin sustainable growth |
| vs. Sales 3 - 4% | Continue developing technologies for further growth |

Industrial Machinery Business



Growth Area

Capital goods
Precision equipment
(Machine tools, Robots etc.)

Infrastructure
Wind turbines / Railcars
/ Construction

Consumer goods
ICT equip / High-functionality and
energy-efficient home appliances

Products, Services

Core products

New products

New businesses

Aftermarket

×

+



[Future Vision]
 Evolve and construct new business foundation in response to changes in social needs
 - Growth exceeding economic cycle -

5 initiatives targeting growth

<Growth strategy>

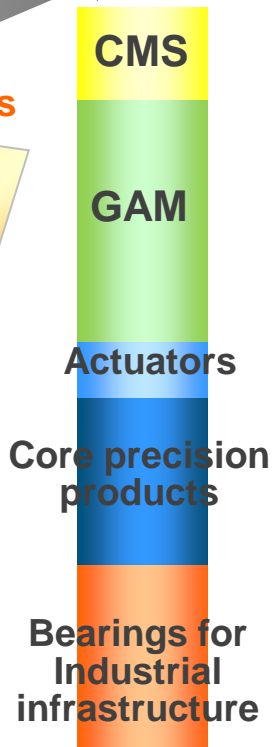
FY26
Sales: +50%
(vs. FY18)

Growth drivers

Comprehensive Product and service-based approach

Brand

Shift from price-based to value-based approach



FY18

FY26

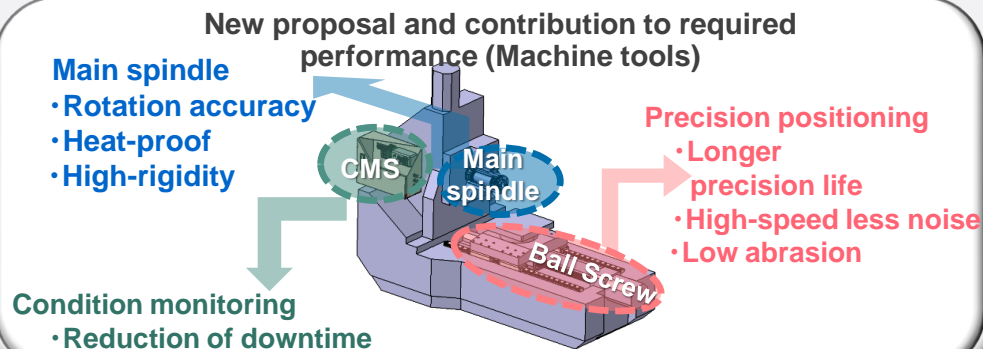
Expand business foundation through growth drivers such as value provision, brand power and products + services.

1 Capture demand in growing sectors

- ✓ Capture demand in sectors where markets expand reflecting social needs.
 - Wind power -Railways -Construction
 - Information and communications
 - High-performance, energy-saving home appliances

2 Provide values leveraging NSK's strength, precision technology

- ✓ Further expand NSK's presence in demand areas including machine tools, robotics and automation.
- ✓ Contribute to higher specs, environmental performance, labor-saving and reduction of downtime through NSK's core precision products.



3 Establish industrial actuators as new core product

✓ Market expands as a key component supporting electrification

- For railcars, construction, robots and medical use
- Need for automation accelerates, electrification in pneumatic/hydraulic devices
- Improved comfort, safety and environmental performance



✓ Deliver unit/system products by leveraging NSK's competitive advantage in component parts

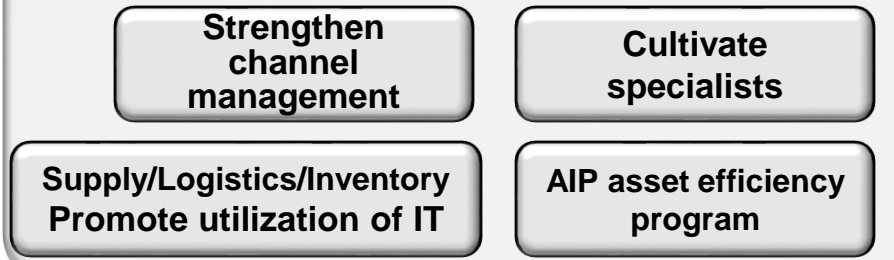
(Competitive advantages)
Optimal design using NSK-produced component parts. Ensure high-quality, high-reliability, and high-performance.

4 Leverage NSK's strengths to expand GAM business



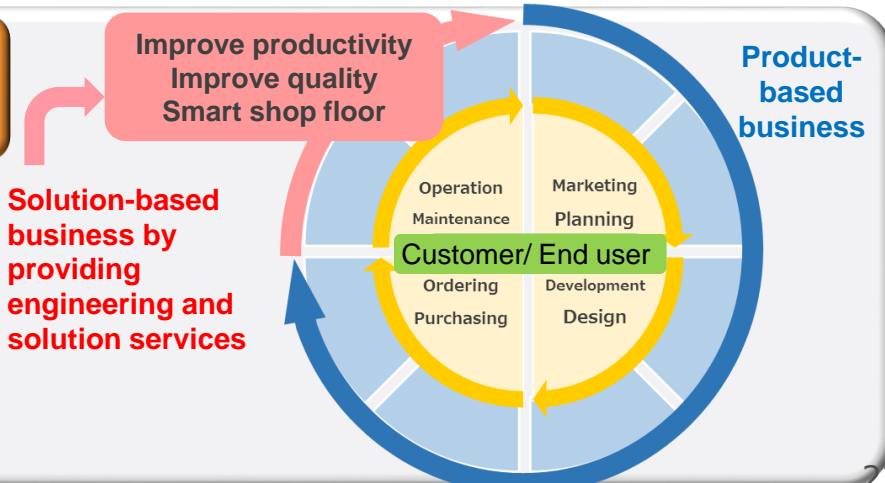
- High-reliability products
- Engineering support, service response
- >Reduce end-user maintenance costs

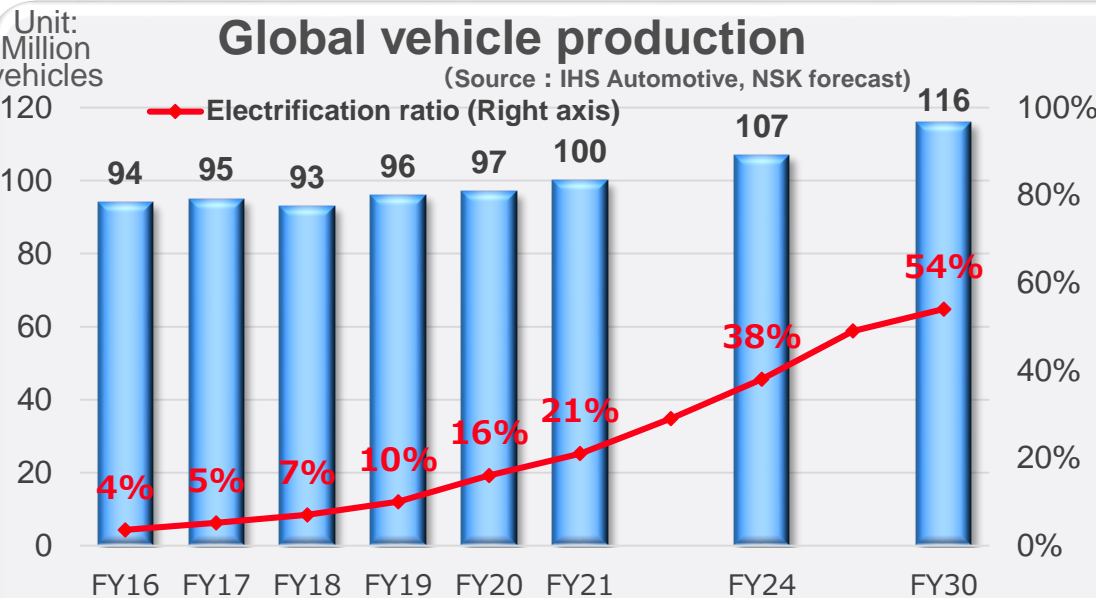
✓ Continue promoting 4 fundamental policies



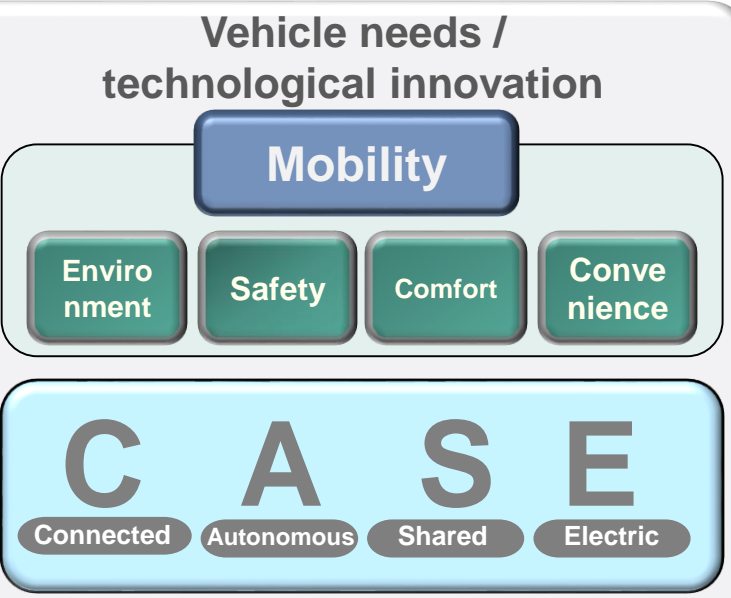
5 Construct new business utilizing condition monitoring technology

- ✓ Product-based + Solution-based business
Contribute to customers' productivity and quality improvement. Provide technology service and solution services
- ✓ Establish CMS Development Center
⇒ integrate business development and engineering development





Global vehicle production increases moderately. Electrification ratio grows



Areas NSK contributes to



[Future Vision]
 Establish new presence by responding to innovations in vehicle technology
 - Achieve sales growth that surpasses growth in global vehicle production -

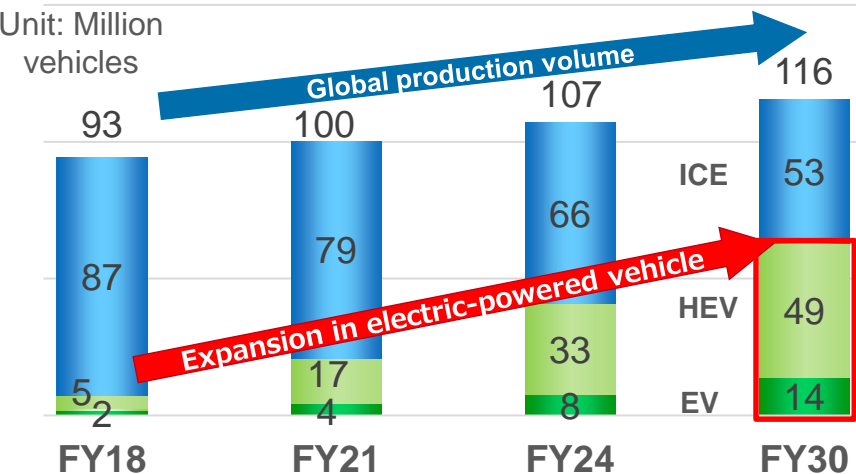
5 initiatives targeting growth

1

Expansion in Powertrain business

FY26
Sales: +50%
(vs. FY18)

Vehicle production volume forecast by power source



(Source : IHS Automotive, NSK forecast) ■ EV ■ HEV ■ ICE

AT

- ✓ ICE + HEV: demand expansion to continue
 - Higher installation rate, multistep AT, Largest customer increasing volume
 - Increasing technological requirements
 - Compact, lightweight units
 - More efficient friction control

Respond to diversified powertrain in line with shift to electric-powered vehicles

ICE

- ✓ Respond to expansion in automatic transmission (AT) systems and multistep AT

HEV

- ✓ Increased variation in bearings used due to diversification in transmission systems.
 - Deliver value through packaged optimized design proposals.

EV

- ✓ New products: Traction drive unit/systems
- ✓ Technology proposals for motor reducers and 2-speed transmissions
 - Improve electric-efficiency through lightweight low-torque products, noise reduction

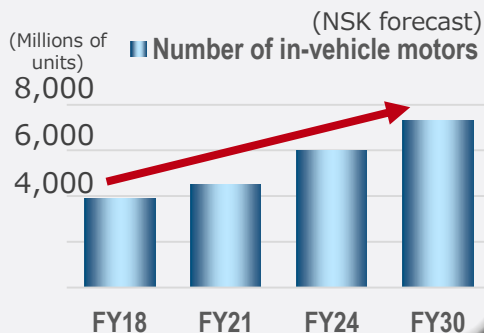
2

Expand in-vehicle motor business

FY26
Sales: +80%
(vs. FY18)

Dramatic increase in in-vehicle motors due to electrification

- ✓ Improve safety, comfort and convenience
Electric brakes, fan motors, sliding seats
- ✓ Differentiate through technological capability and improve electrical efficiency
low noise, low torque
- ✓ Establish supply structure



3

Expand HUB bearing business

FY26
Sales: +30%
(vs. FY18)

Growing need for safety and fuel efficiency

- ✓ Expand sales by leveraging engineering ability
High-reliability, low torque, high-load

Steering & Actuator business

Acceleration in autonomous driving technology and electrification

FY26
Sales: +30%
(vs. FY18)

4

Restart growth in steering business

- ✓ Extend product range
- ✓ Leverage “core assets” of mechanical parts and software
 - Reduce design man-hours, lead time
 - Improve efficiency in R&D costs per project
- ✓ Utilize strategic alliances

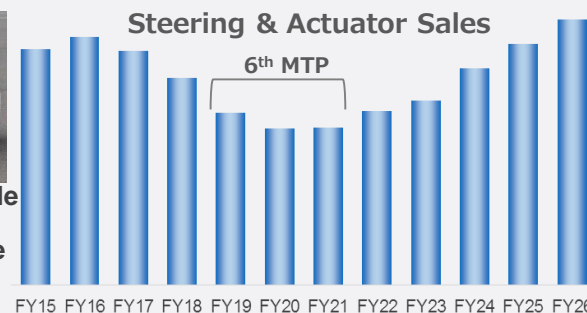
5

Expand actuator business

- ✓ Ball screws for brakes
- ✓ Develop new applications
-Steer-by-wire etc.



Experimental SbW vehicle with next-generation steering control software



- ROE 10% or more

Pursuit of capital efficiency
exceeding the cost of capital

- Payout ratio 30 - 50%

¥40/share or more (6th MTP)

- Acquisition of treasury shares

Agile capital policies

Total return ratio (3 years) approximately 50%

**Growth with
profitability**

**Stabilization of
shareholder returns**

**Balance investment in future
growth with shareholder returns
under a stable financial structure**

**Maintenance in
stabilization of financial
base**

- Net D/E ratio of around 0.3 times

- Ratio of net worth to total capital of around 50%

Maintain an A-level credit rating to support growth and
enable the company to withstand cyclical impact

(Supplementary Information)

Sales & Operating Income Results by Business Segment

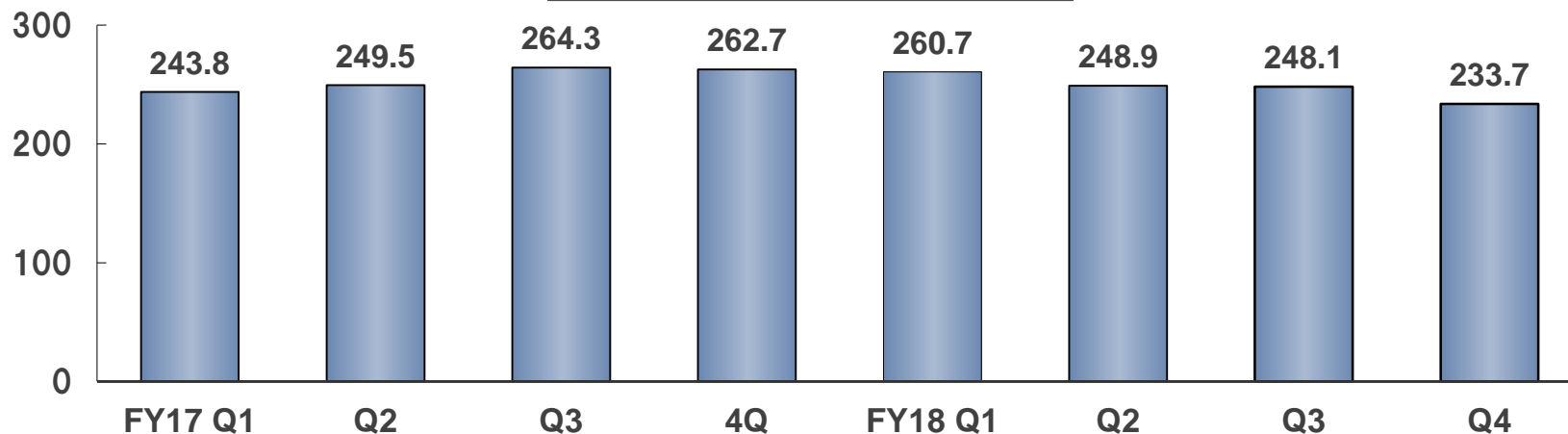
| (Billions of yen) | | FY2017 <Actual> | FY2018 <Actual> | Increase/ Decrease YOY | FY2018 <Feb FCST> | Increase/ Decrease vs Feb FCST |
|--|-------------------------------|--------------------|--------------------|------------------------------|----------------------|--------------------------------------|
| Total | Sales | 1,020.3 | 991.4 | -29.0 | 985.0 | +6.4 |
| | Operating income | 97.9 | 79.3 | -18.6 | 83.0 | -3.7 |
| | <%> | 9.6% | 8.0% | | 8.4% | |
| Industrial Machinery Business | Sales | 266.2 | 270.0 | +3.7 | 267.0 | +3.0 |
| | Industrial machinery bearings | 208.9 | 210.3 | +1.4 | 209.0 | +1.3 |
| | Precision machinery and parts | 57.4 | 59.7 | +2.3 | 58.0 | +1.7 |
| | Operating income | 28.3 | 32.9 | +4.6 | 32.5 | +0.4 |
| | <%> | 10.6% | 12.2% | | 12.2% | |
| Automotive Business | Sales | 723.6 | 689.7 | -33.9 | 687.0 | +2.7 |
| | Automotive bearings | 350.9 | 348.9 | -2.0 | 348.5 | +0.4 |
| | Automotive components | 372.6 | 340.8 | -31.9 | 338.5 | +2.3 |
| | Operating income | 66.0 | 44.9 | -21.0 | 47.0 | -2.1 |
| | <%> | 9.1% | 6.5% | | 6.8% | |
| Others | Sales | 57.9 | 62.9 | +5.0 | 64.0 | -1.1 |
| | Operating income | 5.7 | 5.6 | -0.1 | 6.0 | -0.4 |
| | <%> | 9.8% | 8.9% | | 9.4% | |
| Eliminations (sales) | | -27.4 | -31.2 | -3.8 | -33.0 | +1.8 |
| Other operating expenses / Adjustments | | -2.1 | -4.2 | -2.1 | -2.5 | -1.7 |

| (Billions of yen) | FY2018 | | | FY2019 | | | Increase/ Decrease YOY | Difference YOY |
|--------------------------------|----------------------------------|----------------------------------|-----------------------|------------------------------------|------------------------------------|-------------------------|------------------------------|-------------------|
| | 1 st half <Actual> | 2 nd half <Actual> | Full year <Actual> | 1 st half <Forecast> | 2 nd half <Forecast> | Full year <Forecast> | | |
| Sales | 509.6 | 481.8 | 991.4 | 464.0 | 481.0 | 945.0 | -46.4 | -4.7% |
| Japan | 186.9 | 180.7 | 367.5 | 173.0 | 183.0 | 356.0 | -11.5 | -3.1% |
| Non-Japan <Non-Japan ratio> | 322.7 <63.3%> | 301.1 <62.5%> | 623.8 <62.9%> | 291.0 <62.7%> | 298.0 <62.0%> | 589.0 <62.3%> | -34.8 | -5.6% |
| The Americas | 79.5 | 78.1 | 157.6 | 76.5 | 75.0 | 151.5 | -6.1 | -3.9% |
| Europe | 64.7 | 65.4 | 130.1 | 59.5 | 62.0 | 121.5 | -8.6 | -6.6% |
| China | 105.9 | 89.1 | 195.0 | 88.5 | 88.0 | 176.5 | -18.5 | -9.5% |
| Other Asia | 72.6 | 68.5 | 141.1 | 66.5 | 73.0 | 139.5 | -1.6 | -1.2% |
| (Ex. rate:1USD=) | 110.27 | 111.55 | 110.91 | 110 | 110 | 110 | -0.91 | -0.8% |
| (" 1EUR=) | 129.84 | 126.96 | 128.40 | 125 | 125 | 125 | -3.40 | -2.6% |
| (" 1CNY=) | 16.75 | 16.33 | 16.54 | 16.5 | 16.5 | 16.5 | -0.04 | -0.2% |

Quarterly Business Performance

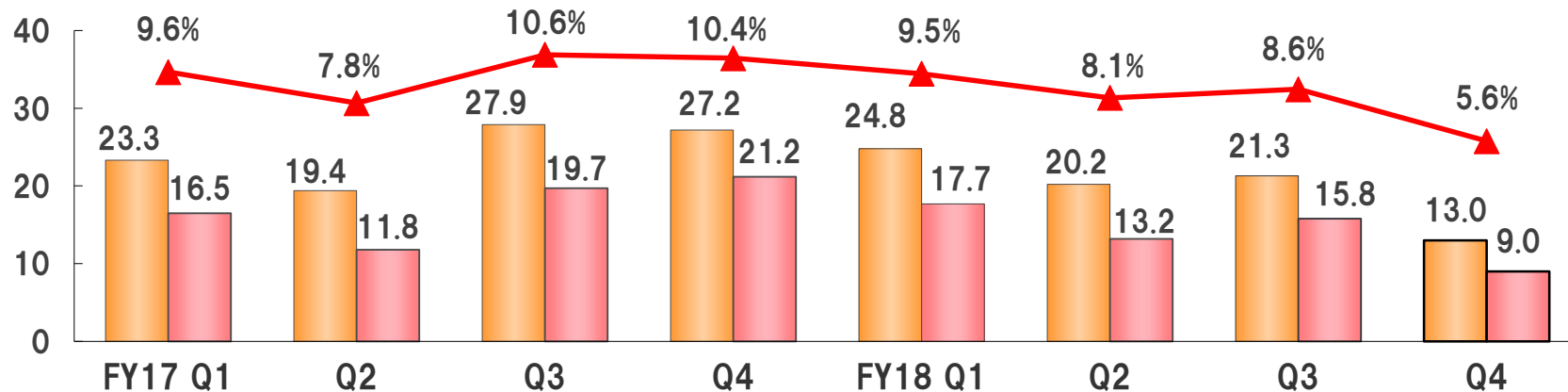
(Billions of yen)

Sales



(Billions of yen)

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

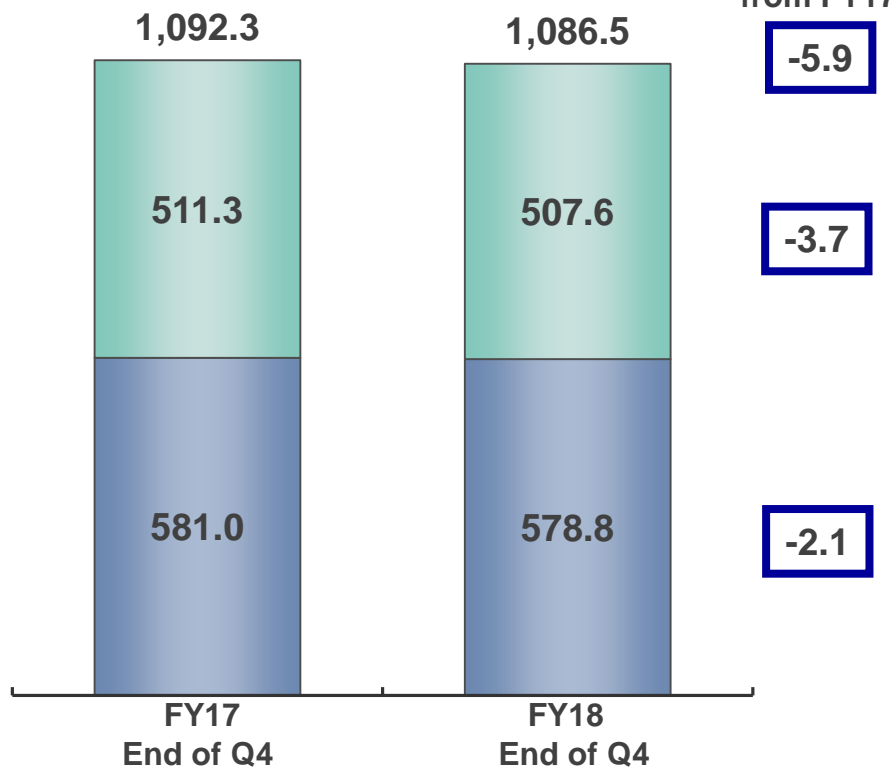


| | | | | | | | | |
|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1USD= | 111.10 | 111.04 | 112.99 | 108.31 | 109.07 | 111.47 | 112.91 | 110.19 |
| 1EUR= | 122.19 | 130.39 | 133.01 | 133.21 | 130.06 | 129.62 | 128.79 | 125.13 |
| 1CNY= | 16.21 | 16.63 | 17.08 | 17.08 | 17.13 | 16.37 | 16.33 | 16.33 |

Assets

■ Non-Current assets ■ Current assets

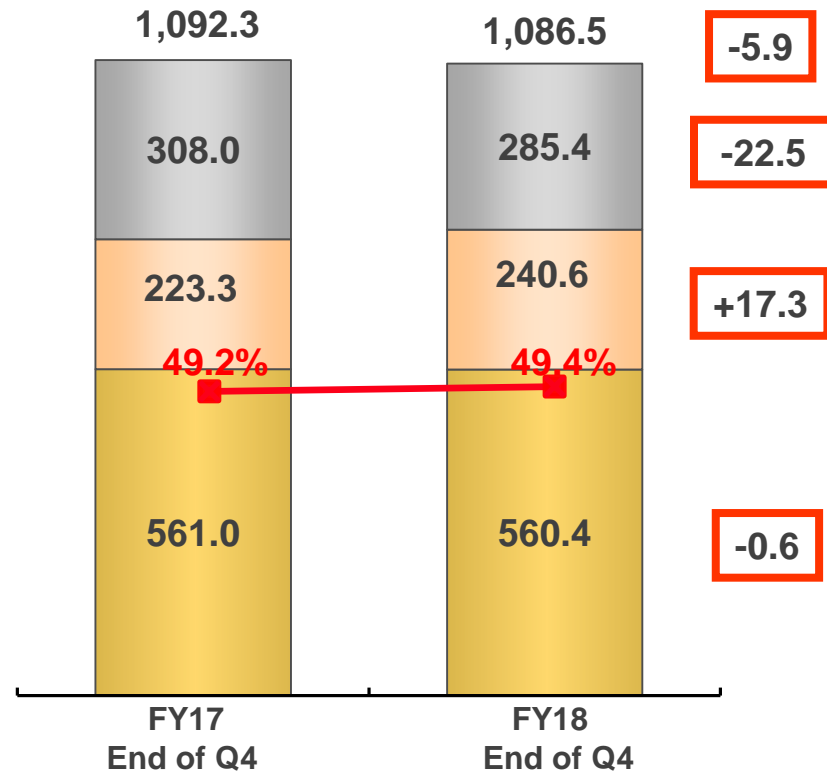
(Billions of yen)



Liabilities / Total equity

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

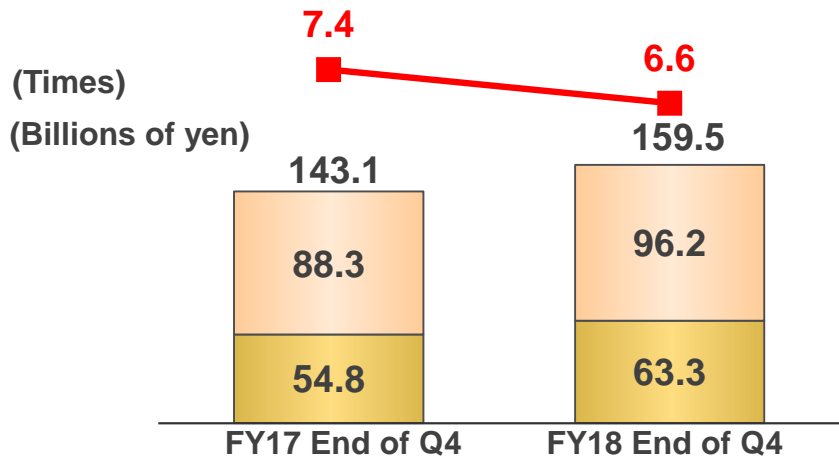
Change from FY17



| Ex. Rate | FY17 End of Q4 | FY18 End of Q4 |
|----------|----------------|----------------|
| 1USD= | 106.27 | 111.01 |
| 1EUR= | 130.58 | 124.56 |
| 1CNY= | 16.92 | 16.48 |

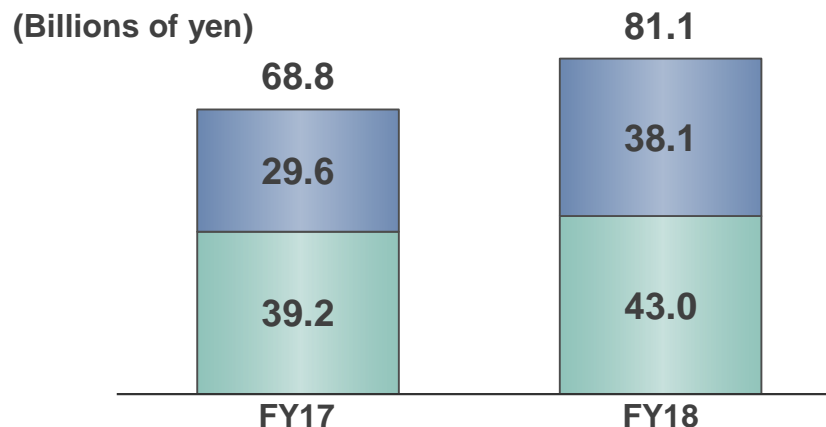
Inventories

Japan Non-Japan Inventory turnover



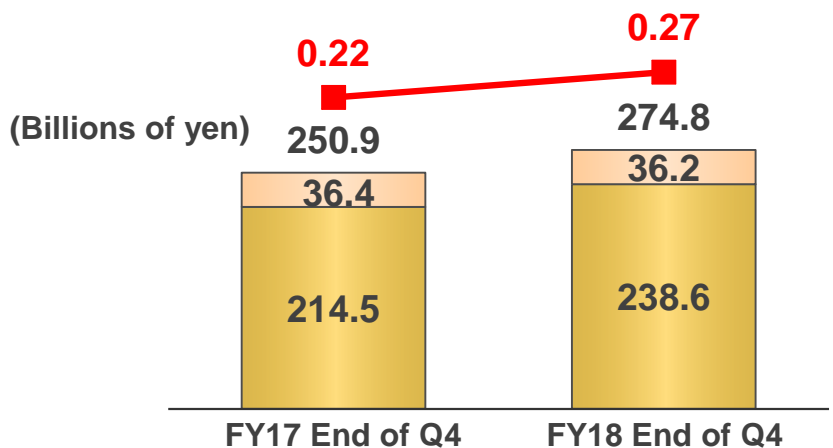
Capital Expenditure

Japan Non-Japan



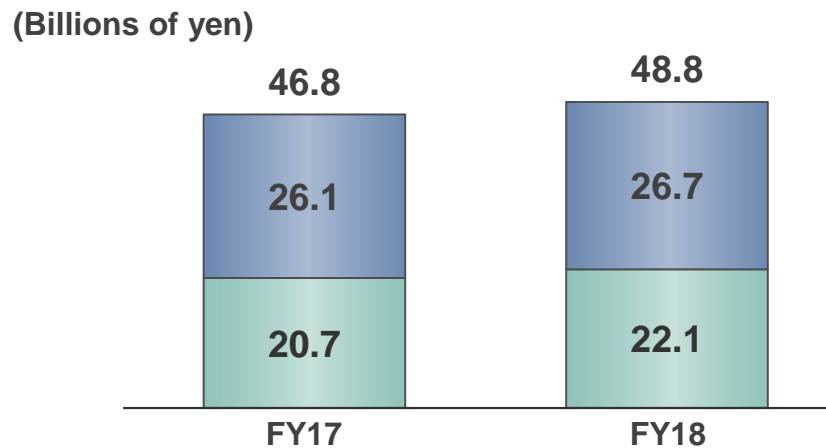
Interest-bearing debt

Japan Non-Japan Net D/E ratio



Depreciation and amortisation

Japan Non-Japan



(Supplementary Information) **Capital Expenditure,
Depreciation and amortisation, R&D Expenses**

| (Billions of yen) | FY2018 | | 5 th MTP FY2016-FY2018 | | FY2019 | 6 th MTP FY2019-FY2021 |
|---|------------|----------|--------------------------------------|----------|------------|--------------------------------------|
| | <Forecast> | <Actual> | <Original Forecast> | <Actual> | <Forecast> | <Forecast> |
| Capital Expenditure | 85.0 | 81.1 | 180.0 | 208.5 | 60.0 | 180.0 |
| Depreciation and amortisation | 50.0 | 48.8 | 130.0 | 138.9 | 52.0 | 160.0 |
| R&D Expenses (on a statutory basis) | 18.0 | 19.0 | 40.0 | 49.9 | 19.0 | — |
| R&D Expenses (on a managerial basis) | 32.5 | 32.4 | 80.0 | 86.3 | 32.0 | vs. Sales 3 – 4% |

- New initiatives targeting growth -

New Initiatives targeting growth

Grow by delivering value that meets the needs of a future society

Future society

◆ The possibilities open to people will expand through technological evolution in electrification, robots, and automation in every industry.

◆ Innovation will help address a range of needs. Societal convenience and comfort will improve.

◆ IoT will connect all people and things, giving birth to new value and higher productivity.

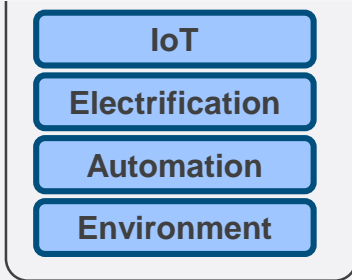
◆ AI will provide a range of information effectively.

Base : Cabinet office "Society 5.0"

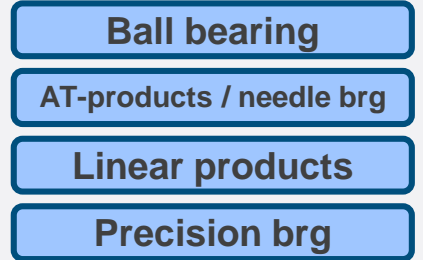
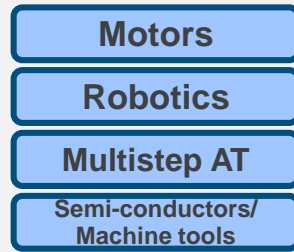
Growth scenario

1. Expand sales of NSK's core products in growth segments

<Growth segments>

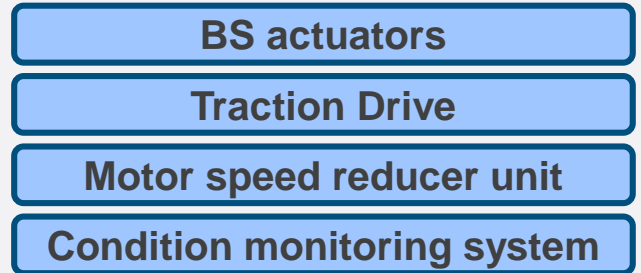
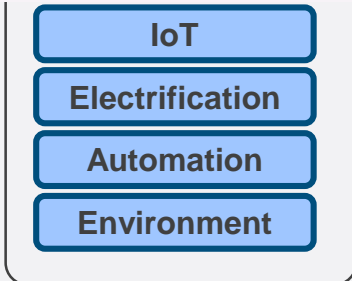


X



2. Grow sales by marketing new products in growth segments

<Growth segments>



3. Restore growth in the EPS business

4. Utilize M&A and strategic alliances



Enhance managerial resources

➤ Evolution in personnel development

- Education
Restructure training and education framework
 - Human resource development
 - Passing on technological traditions
“NSK’s manufacturing know-how (Monozukuri)”
“tribology technology”
- Health
Promote work style reform and health and productivity management
- Diversity
Build an organization that embraces our differences
Promote diversity and inclusion



➤ Evolution in manufacturing (Monozukuri)

- Improve productivity by utilizing IOT
predictive maintenance, robotization, traceability
- Preserve global environment
Development/renewal of production facilities that contribute to reduction of CO2 emission

➤ Evolution in technology development

- Thorough pursuit of NSK’s 4 core technologies + production technology (4 core + 1)

Tribology, Materials,
Numerical Simulation,
Mechatronics

+

Production
technology

- Strengthen R&D capability by enhancing assessment simulation technology
- Further utilize open innovation

➤ Utilization of digital technology

- Improve infrastructure to enhance managerial resources



- Contribute to the environment and society-

Contribute to the environment and society

ESG management: NSK will fulfill its responsibilities to environmental and societal issues by strengthening managerial resources and NSK's core values + corporate governance.



Environment **E**

Environmental Management

- Reduction in CO2 emissions
SBT target : - 60% by 2050 (vs. 2017)
- Products that contribute to the environment by offsetting CO2 emissions
- Effective use of resources : achieve 99% recycling rate at global plants

Society **S**

Safety management
Quality management
Compliance

- Create quality and safety –focused culture which contributes to safety and peace of mind for market and customers
- Create an organization that is trusted by society and allows employees to work with vibrancy and achieve their full potential

Governance **G**

Governance

- Strengthen group governance
- Hold fruitful dialogues with stakeholders

[SDGs Declaration]

In line with our Mission Statement, NSK will work to resolve societal issues by conducting sincere and responsible business operations and achieving innovation in our products and services, in order to help realize a sustainable society.

We will uphold the spirit of all 17 SDGs, and have selected seven SDGs that are particularly interlinked with our business, which we will place priority on tackling.



MOTION & CONTROL™
NSK

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