

NSK Ltd.

For Immediate Release

October 30, 2019

CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED September 30, 2019 (Unaudited)

[IFRS]

Company name	NSK Ltd.
Stock exchange on which the shares are listed	Tokyo Stock Exchange in Japan
Code number	6471
URL	https://www.nsk.com
Representative	Toshihiro Uchiyama, President and CEO
Contact person	Keita Suzuki, Vice President
Filing date of quarterly securities report	November 8, 2019
Payment date of cash dividends	December 2, 2019

(Figures are rounded down to the nearest million yen)

1. Consolidated financial highlights for the six months ended September 30, 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	%
Six months ended Sep. 30, 2019	434,820	-14.7	15,765	-64.9	15,552	-65.5	12,320	-62.2	11,816	-61.8	-2,123	—
Six months ended Sep. 30, 2018	509,576	3.3	44,964	5.2	45,104	6.3	32,624	7.2	30,941	9.0	37,664	-30.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Sep. 30, 2019	23.07	23.01
Six months ended Sep. 30, 2018	58.79	58.69

(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 Sep. 30, 2019	1,064,869	545,805	524,626	49.3
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: Yes

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 Sep. 30, 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 Sep. 30, 2019 39,109,576 shares As of Mar. 31, 2019 39,262,010 shares

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

Six months ended Sep. 30, 2019 512,129,985 shares Six months ended Sep. 30, 2018 526,301,770 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 6th 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” 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 first half of the year ending March 31, 2020, in Japan, demand from overseas, primarily China, decreased, amid the prolonged US-China trade friction. In the US, economic slowdown in the manufacturing industry became more pronounced due to decrease in demand from overseas, while consumer spending remained robust. The European economy slowed down due to confusion surrounding the UK's withdrawal from the European Union and stagnation in the automotive industry. Economic growth in China decelerated due to decrease in both domestic and overseas demand against the backdrop of increased trade friction with the US and sluggish monthly vehicle production volume, which continued to decrease year-on-year. In other Asian countries, economies reflected the weakness in the global economy and the automotive industry in India stayed stagnant.

In this economic environment, consolidated sales for the first half of the year ending March 31, 2020 totaled ¥434,820 million, a year-on-year decrease of 14.7%, and operating income totaled ¥15,765 million, a year-on-year decrease of 64.9%. Income before income taxes was ¥15,552 million, a year-on-year decrease of 65.5%. Net income attributable to owners of the parent was ¥11,816 million, a year-on-year decrease of 61.8%.

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 decreased year-on-year, primarily in the machine tools and semiconductor manufacturing equipment sectors. In the Americas, overall sales slightly rose due to an increase in the aftermarket sector, while sales in the electrical sector declined. In Europe, sales declined due to sales decrease in the electrical sector as well as impact of changes in foreign currency conversion. Sales in China decreased due to sales decline in sectors including electrical and machine tools, while sectors including wind power and railcar remained robust. In other Asian countries, sales declined, primarily in Korea.

As a result, sales in the industrial machinery business totaled ¥119,677 million, a year-on-year decrease of 11.9%, and operating income was ¥8,313 million, a year-on-year decrease of 50.3%.

2) Automotive Business segment

Overall sales in the automotive business declined year-on-year due to the stagnant automotive markets in China, Europe and India 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 in overseas markets. In the US, overall sales declined due to lower EPS sales year-on-year, while sales of automotive bearings remained strong. In Europe and China, sales decreased due to the sluggish automotive markets. Sales in other Asian countries also declined, primarily in India.

As a result, sales in the automotive business totaled ¥302,152 million, a year-on-year decrease of 15.5%. Meanwhile, operating income totaled ¥7,061 million, a year-on-year decrease of 73.6%.

(2) Qualitative information regarding consolidated financial position

Assets and liabilities

Total assets were ¥1,064,869 million, a decrease of ¥21,587 million compared to total assets as of March 31, 2019. The main reasons for this were decreases of ¥23,511 million in trade receivables and other receivables, ¥4,244 million in other current assets, and ¥3,672 million in other financial assets (non-current), which offset increases of ¥2,595 million in cash and cash equivalents, and ¥2,208 million in property, plant and equipment.

Total liabilities were ¥519,063 million, a decrease of ¥6,991 million compared to total liabilities as of March 31, 2019. The main reasons for this were decreases of ¥30,589 million in trade payables and other payables, and ¥20,748 million in other financial liabilities (current), which offset an increases of ¥45,303 million in financial liabilities (non-current).

Total equity

Total equity totaled ¥545,805 million, a decrease of ¥14,595 million compared to total equity as of March 31, 2019. The main reasons for this were decreases of ¥10,249 million in cash dividends from retained earnings and ¥ 15,934 million in other components of equity, which offset an increase of ¥11,816 million in net income attributable to owners of the parent.

Cash flows

Total cash and cash equivalents at end of the period were ¥132,560 million, an increase of ¥2,595 million compared to total cash and cash equivalents as of March 31, 2019, and a ¥11,480 million increase on year-on-year basis.

1) Net cash flow provided by operating activities

Net cash flow provided by operating activities totaled ¥40,232 million, a decrease of ¥8,853 million, compared to the same period of the previous year. The main cash inflows were ¥15,552 million in income before income taxes, ¥26,783 million in depreciation and amortisation, ¥17,459 million in decrease in trade receivables. Meanwhile, the main outflow was ¥17,306 million in decrease in trade payables.

2) Net cash flow used in investing activities

Net cash flow used in investing activities totaled ¥26,637 million, a decrease of ¥6,282 million compared to the same period of the previous year. This includes ¥26,916 million in purchases of property, plant and equipment.

3) Net cash flow used in financing activities

Net cash flow used in financing activities totaled ¥7,611 million, a decrease of ¥18,451 million compared to the same period of the previous year. This main cash inflow was ¥30,000 million in proceeds from issuance of corporate bonds. Meanwhile, the main outflows were ¥20,000 million in payments for redemption of corporate bonds, and ¥10,238 million in dividends paid.

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

NSK revised its consolidated business forecast for the year ending March 31, 2020 announced on May 9, 2019. Please refer to “NSK Announces Differences between Forecasted and Actual Consolidated Business Results for First-half for the Fiscal Year Ending March 31, 2020 and Revision of Year-end Consolidated Business Forecast” announced today (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 Sep.30, 2019
Assets		
Current assets		
Cash and cash equivalents	129,965	132,560
Trade receivables and other receivables	195,288	171,777
Inventories	159,517	157,574
Other financial assets	1,696	1,398
Income tax receivables	3,502	4,612
Other current assets	17,648	13,403
Total current assets	507,618	481,326
Non-current assets		
Property, plant and equipment	378,333	380,542
Intangible assets	19,550	19,198
Investments accounted for using equity method	27,613	25,905
Other financial assets	79,934	76,262
Deferred tax assets	9,633	9,090
Net defined benefit assets	59,406	68,206
Other non-current assets	4,364	4,336
Total non-current assets	578,837	583,542
Total assets	1,086,456	1,064,869
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade payables and other payables	130,333	99,744
Other financial liabilities	101,145	80,397
Provisions	85	81
Income tax payables	4,004	4,307
Other current liabilities	49,841	49,543
Total current liabilities	285,411	234,074
Non-current liabilities		
Financial liabilities	175,467	220,770
Provisions	8,677	8,481
Deferred tax liabilities	31,128	31,056
Net defined benefit liabilities	19,530	19,203
Other non-current liabilities	5,839	5,476
Total non-current liabilities	240,643	284,989
Total liabilities	526,055	519,063
Equity		
Issued capital	67,176	67,176
Capital surplus	80,426	80,468
Retained earnings	400,720	404,443
Treasury shares	-37,779	-37,658
Other components of equity	26,131	10,196
Total equity attributable to owners of the parent	536,676	524,626
Non-controlling interests	23,724	21,178
Total equity	560,400	545,805
Total liabilities and equity	1,086,456	1,064,869

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income

(Millions of yen)

	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Sales	509,576	434,820
Cost of sales	394,745	351,539
Gross profit	114,831	83,281
Selling, general and administrative expenses	71,174	67,785
Share of profits of investments accounted for using the equity method	2,727	1,231
Other operating expenses	1,419	961
Operating income	44,964	15,765
Financial income	1,356	1,216
Financial expenses	1,217	1,429
Income before income taxes	45,104	15,552
Income tax expense	12,479	3,231
Net income	32,624	12,320
Net income attributable to:		
Owners of the parent	30,941	11,816
Non-controlling interests	1,683	504
(Earnings per share attributable to owners of the parent)		
Basic earnings per share (yen)	58.79	23.07
Diluted earnings per share (yen)	58.69	23.01

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Net income	32,624	12,320
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liability (asset)	2,230	6,531
Net changes in financial assets measured at fair value through other comprehensive income	1,563	-570
Share of other comprehensive income of investments accounted for using equity method	2	19
Total items that will not be reclassified to profit or loss	3,796	5,981
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	1,265	-20,053
Share of other comprehensive income of investments accounted for using equity method	-23	-372
Total items that may be reclassified to profit or loss	1,242	-20,425
Total other comprehensive income, net of tax	5,039	-14,444
Total comprehensive income for the period	37,664	-2,123
Total comprehensive income for the period attributable to:		
Owners of the parent	35,874	-2,212
Non-controlling interests	1,789	89

(3) Quarterly consolidated statements of changes in equity

From April 1, 2018 to September 30, 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	—	—	30,941	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	30,941	—
Purchase of treasury shares	—	—	—	-10,853
Disposal of treasury shares	—	21	—	88
Share-based payment transactions	—	129	—	—
Cash dividends	—	—	-11,109	—
Changes in the ownership interest in subsidiaries	—	-235	—	—
Other	—	—	24	—
Total transactions with owners, etc.	—	-85	-11,084	-10,764
Closing balance	67,176	80,179	382,717	-28,580

	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)	Total				
Opening balance	-7,774	43,584	8,880	44,689	537,175	23,839	561,014	
Net income	—	—	—	—	30,941	1,683	32,624	
Other comprehensive income	1,154	1,496	2,281	4,932	4,932	106	5,039	
Total comprehensive income for the period	1,154	1,496	2,281	4,932	35,874	1,789	37,664	
Purchase of treasury shares	—	—	—	—	-10,853	—	-10,853	
Disposal of treasury shares	—	—	—	—	110	—	110	
Share-based payment transactions	—	—	—	—	129	—	129	
Cash dividends	—	—	—	—	-11,109	-2,816	-13,925	
Changes in the ownership interest in subsidiaries	—	—	—	—	-235	-290	-525	
Other	—	-13	—	-13	11	—	11	
Total transactions with owners, etc.	—	-13	—	-13	-21,947	-3,106	-25,053	
Closing balance	-6,620	45,067	11,162	49,609	551,102	22,523	573,625	

From April 1, 2019 to September 30, 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	—	—	11,816	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	11,816	—
Purchase of treasury shares	—	—	—	-3
Disposal of treasury shares	—	39	—	124
Share-based payment transactions	—	1	—	—
Cash dividends	—	—	-10,249	—
Changes in the ownership interest in subsidiaries	—	—	—	—
Other	—	—	2,155	—
Total transactions with owners, etc.	—	41	-8,093	120
Closing balance	67,176	80,468	404,443	-37,658

	Equity attributable to owners of the parent				Total	Non-controlling interests	Total equity
	Other components of equity						
	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	-12,598	33,494	5,234	26,131	536,676	23,724	560,400
Net income	—	—	—	—	11,816	504	12,320
Other comprehensive income	-20,009	-590	6,570	-14,029	-14,029	-415	-14,444
Total comprehensive income for the period	-20,009	-590	6,570	-14,029	-2,212	89	-2,123
Purchase of treasury shares	—	—	—	—	-3	—	-3
Disposal of treasury shares	—	—	—	—	163	—	163
Share-based payment transactions	—	—	—	—	1	—	1
Cash dividends	—	—	—	—	-10,249	-2,634	-12,883
Changes in the ownership interest in subsidiaries	—	—	—	—	—	—	—
Other	—	-1,905	—	-1,905	250	—	250
Total transactions with owners, etc.	—	-1,905	—	-1,905	-9,837	-2,634	-12,471
Closing balance	-32,607	30,998	11,805	10,196	524,626	21,178	545,805

(4) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Operating activities		
Income before income taxes	45,104	15,552
Depreciation and amortisation	23,928	26,783
Increase (decrease) in net defined benefit liability and net defined benefit asset	-1,213	539
Interest and dividend income	-1,278	-1,170
Interest expenses	1,322	1,341
Share of profits of investments accounted for using the equity method	-2,727	-1,231
Decrease (increase) in trade receivables	8,116	17,459
Decrease (increase) in inventories	-13,923	-3,102
Increase (decrease) in trade payables	-1,212	-17,306
Other	2,145	5,340
Subtotal	60,261	44,206
Interest and dividend received	4,045	3,729
Interest expenses paid	-1,214	-1,287
Income tax paid	-14,006	-6,416
Net cash provided by operating activities	49,085	40,232
Investing activities		
Purchases of property, plant and equipment	-30,205	-26,916
Proceeds from sale of property, plant and equipment	240	269
Purchases of other financial assets	-31	-13
Proceeds from sale of other financial assets	31	2,700
Other	-2,954	-2,676
Net cash used in investing activities	-32,919	-26,637
Financial activities		
Proceeds from long-term loans	8,000	—
Repayments of long-term loans	-8,298	-434
Proceeds from issuance of corporate bonds	—	30,000
Payments for redemption of corporate bonds	—	-20,000
Repayments of lease liabilities	—	-1,998
Acquisition of treasury shares	-10,849	-0
Dividends paid	-11,096	-10,238
Dividends paid to non-controlling interests	-2,892	-2,634
Other	-925	-2,303
Net cash used in financial activities	-26,062	-7,611
Effect of exchange rate changes on cash and cash equivalents	-307	-3,388
Net increase (decrease) in cash and cash equivalents	-10,203	2,595
Cash and cash equivalents at the beginning of the period	131,283	129,965
Cash and cash equivalents at the end of the period	121,079	132,560

(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 September 30, 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	135,872	357,577	493,450	16,126	509,576	—	509,576
Intersegment sales	—	—	—	14,223	14,223	-14,223	—
Total	135,872	357,577	493,450	30,349	523,799	-14,223	509,576
Segment income (loss) (Operating income)	16,729	26,703	43,433	2,835	46,268	-1,303	44,964
Total financial income (expenses)							139
Income before income taxes							45,104

(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 -¥1,303 million adjustment made for segment income (loss) includes intersegment elimination of ¥115 million and -¥1,419 million in other operating expenses not allocated to the reportable segments.

From April 1, 2019 to September 30, 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	119,677	302,152	421,829	12,990	434,820	—	434,820
Intersegment sales	—	—	—	12,485	12,485	-12,485	—
Total	119,677	302,152	421,829	25,476	447,306	-12,485	434,820
Segment income (loss) (Operating income)	8,313	7,061	15,375	1,210	16,585	-819	15,765
Total financial income (expenses)							-213
Income before income taxes							15,552

(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 -¥819 million adjustment made for segment income (loss) includes intersegment elimination of ¥141 million and -¥961 million in other operating expenses not allocated to the reportable segments.

2020年3月期 第2四半期決算短信 補足説明資料
 Supplementary material of consolidated results for the six months ended September 30, 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当期利益 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%				
営業利益 Operating income	24,776	20,188	21,300	13,013	10,263	41.4%	5,501	27.3%				
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%				
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%				
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	—				
連結子会社数(社) Consolidated subsidiaries	89	90	89	88	89	—	89	—				
日本 Japan	19	19	19	18	18	—	18	—				
海外 Non-Japan	70	71	70	70	71	—	71	—				
期末従業員数(人) Number of employees	31,924	31,890	32,045	31,484	31,648	—	31,387	—				
日本 Japan	11,818	11,814	11,802	11,755	12,035	—	11,953	—				
海外 Non-Japan	20,106	20,076	20,243	19,729	19,613	—	19,434	—				

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%				
自動車事業 Automotive business	183,260	174,316	171,625	160,455	155,173	84.7%	146,978	84.3%				
その他 Others	14,845	15,504	17,736	14,833	13,566	91.4%	11,909	76.8%				
調整額 Adjustments	△ 6,663	△ 7,559	△ 9,442	△ 7,521	△ 6,623	—	△ 5,861	—				
合計 Total	260,694	248,882	248,076	233,712	222,942	85.5%	211,878	85.1%				

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%				
自動車事業 Automotive business	15,282	11,421	11,825	6,419	5,065	33.1%	1,995	17.5%				
その他 Others	1,351	1,483	1,992	779	826	61.1%	384	25.9%				
調整額 Adjustments	△ 636	△ 667	△ 746	△ 2,115	△ 507	—	△ 312	—				
合計 Total	24,776	20,188	21,300	13,013	10,263	41.4%	5,501	27.3%				

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%				
減価償却費 Depreciation and amortisation	11,915	12,012	12,300	12,572	13,369	112.2%	13,414	111.7%				

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%				

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		
EUR	130.06	129.62	128.79	125.13	123.49	119.33		
CNY	17.13	16.37	16.33	16.33	16.07	15.29		

	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		
EUR	127.88	132.15	126.88	124.56	122.46	118.04		
CNY	16.67	16.50	16.14	16.48	15.68	15.14		