

# NSK

## CONSOLIDATED BUSINESS RESULTS OF THE THIRD QUARTER ENDED DECEMBER 31, 2004

February 04, 2005  
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 the Consolidated Business Results for FY 2004:Q3



FY 2003	FY 2003					FY 2004				
	Q1 Japan:Apr.-Jun. Overseas:Jan.-Mar. <Actual>	Q2 Japan:Jul.-Sep. Overseas:Apr.-Jun. <Actual>	Q3 Japan:Oct.-Dec. Overseas:Jul.-Sep. <Actual>	Q4 Japan:Jan.-Mar. Overseas:Oct.-Dec. <Actual>	Full year Japan:Apr.-Mar. Overseas:Jan.-Dec. <Actual>	Q1 Japan:Apr.-Jun. Overseas:Jan.-Mar. <Actual>	Q2 Japan:Jul.-Sep. Overseas:Apr.-Jun. <Actual>	Q3 Japan:Oct.-Dec. Overseas:Jul.-Sep. <Actual>	Y-O-Y	Full year Japan:Apr.-Mar. Overseas:Jan.-Dec. <Forecast>
<b>Sales</b>	1,257	1,281	1,297	1,387	5,222	1,403	1,470	<b>1,440</b>	+11.0%	5,800
<b>Operating income</b>	41	54	72	93	260	95	100	<b>93</b>	+30.1%	395
<b>Ordinary income</b>	34	27	61	69	191	85	93	<b>80</b>	+31.3%	355
<b>Profit before tax</b>	40	40	89	96	265	91	104	<b>83</b>	-6.5%	372
<b>Net income</b>	14	24	52	53	143	49	69	<b>42</b>	-19.5%	210
(Rate: 1 US\$= )	(¥118.95)	(¥119.32)	(¥117.63)	(¥109.15)	(¥116.26)	(¥107.37)	(¥109.17)	(¥110.58)		(¥108.03)
(Rate: 1 EURO= )	(¥127.65)	(¥135.76)	(¥132.40)	(¥129.46)	(¥131.32)	(¥133.14)	(¥132.11)	(¥133.88)		(¥132.28)

- Sales, Operating Income and Ordinary Income recorded a year-on-year increase.
- Full year forecast unchanged.

# Net sales –By customer location–



FY 2003	FY 2003					FY 2004				
	Q1 <Actual>	Q2 <Actual>	Q3 <Actual>	Q4 <Actual>	Full year <Actual>	Q1 <Actual>	Q2 <Actual>	Q3 <Actual>	Y-O-Y	Full year <Forecast>
<b>Sales</b>	1,257	1,281	1,297	1,387	5,222	1,403	1,470	<b>1,440</b>	+11.0%	5,800
Japan	658	666	697	765	2,786	737	770	<b>768</b>	+10.1%	3,091
The Americas	188	198	187	176	749	199	212	<b>211</b>	+12.8%	827
Europe	223	218	191	222	854	235	251	<b>222</b>	+16.2%	924
Asia	188	199	222	224	833	232	237	<b>239</b>	+7.8%	958

- Japan:** Strong demand continues from the automotive, machine tool, and general industrial sectors. Slowdown seen in semiconductor and liquid crystal display-related demand.
- The Americas:** Strong sales continue in Brazil. Demand in the U.S on the recovery.
- Europe:** Robust sales to the automotive industry continue and demand from the general industrial sector on the recovery.
- Asia:** Strong demand continues in China. Demand from the automotive industry in Thailand also remains strong. Strength continues in demand for precision machinery and parts, such as photofabrication equipment.

# Business results

– By geographical segment –



FY 2003	FY 2003					FY 2004				
	Q1 <Actual>	Q2 <Actual>	Q3 <Actual>	Q4 <Actual>	Full year <Actual>	Q1 <Actual>	Q2 <Actual>	Q3 <Actual>	Y-O-Y	Full year <Forecast>
<b>Sales</b>	1,257	1,281	1,297	1,387	5,222	1,403	1,470	<b>1,440</b>	+11.0%	<b>5,800</b>
Japan	931	937	992	1,058	3,918	1,042	1,091	<b>1,095</b>	+10.4%	<b>4,391</b>
The Americas	185	194	184	175	738	195	208	<b>206</b>	+12.6%	<b>816</b>
Europe	232	228	202	236	898	248	267	<b>238</b>	+17.8%	<b>985</b>
Asia	139	141	143	153	576	151	160	<b>163</b>	+14.1%	<b>638</b>
Elimination	-230	-219	-224	-235	-908	-233	-256	<b>-262</b>		<b>-1,030</b>
<b>Operating income</b>	41 <3.3%>	54 <4.1%>	72 <5.6%>	93 <6.7%>	260 <5.0%>	95 <6.8%>	100 <6.8%>	<b>93 &lt;6.5%&gt;</b>	+30.1%	<b>395 &lt;6.8%&gt;</b>
Japan	33 <3.5%>	35 <3.7%>	55 <5.5%>	69 <6.5%>	192 <4.9%>	64 <6.1%>	70 <6.5%>	<b>68 &lt;6.2%&gt;</b>	+23.2%	<b>286 &lt;6.5%&gt;</b>
The Americas	3 <1.6%>	5 <2.6%>	1 <0.5%>	-3 <-1.7%>	6 <0.8%>	6 <3.1%>	6 <2.9%>	<b>6 &lt;3.0%&gt;</b>	+2466.7%	<b>29 &lt;3.6%&gt;</b>
Europe	-2 <-0.9%>	5 <2.2%>	5 <2.5%>	18 <7.6%>	26 <2.9%>	13 <5.2%>	14 <5.5%>	<b>10 &lt;4.2%&gt;</b>	+76.2%	<b>43 &lt;4.4%&gt;</b>
Asia	13 <9.4%>	9 <6.4%>	8 <5.6%>	8 <5.2%>	38 <6.6%>	7 <4.6%>	10 <6.3%>	<b>9 &lt;5.9%&gt;</b>	+20.3%	<b>35 &lt;5.5%&gt;</b>
Elimination	-6	0	3	1	-2	5	0	<b>0</b>		<b>2</b>

## Achieved increases in both Sales and Operating Income

- **Japan:** Profitability remains healthy. Investments in our industrial bearing business contributing to higher profits.
- **Overseas:** Profitability in the Americas on the recovery. Active marketing activities in Europe beginning to bear fruit. Profitability of our Asian business increased, despite start-up costs for new production facilities in China.

# Business results

–By business segment –



(¥100 million)	FY 2003					FY 2004				
	Q1 <Actual>	Q2 <Actual>	Q3 <Actual>	Q4 <Actual>	Full year <Actual>	Q1 <Actual>	Q2 <Actual>	Q3 <Actual>	Y-O-Y	Full year <Forecast>
<b>Sales</b>	1,257	1,281	1,297	1,387	5,222	1,403	1,470	<b>1,440</b>	+11.0%	5,800
<b>Industrial bearings</b>	435	437	427	464	1,763	452	467	<b>466</b>	+9.0%	1,845
<b>Automotive products</b>	691	708	709	750	2,858	755	800	<b>780</b>	+10.1%	3,165
<b>Precision machinery</b>	95	102	125	149	471	159	165	<b>157</b>	+25.9%	636
<b>Others</b>	49	53	49	44	195	43	65	<b>51</b>	+2.2%	217
<b>Elimination</b>	-13	-19	-13	-20	-65	-6	-27	<b>-14</b>		-63
<b>Operating income</b>	41 <3.3%>	54 <4.1%>	72 <5.6%>	93 <6.7%>	260 <5.0%>	95 <6.8%>	100 <6.8%>	<b>93 &lt;6.5%&gt;</b>	+30.1%	395 <6.8%>
<b>Industrial bearings</b>	25 <5.8%>	24 <5.4%>	33 <7.6%>	40 <8.6%>	122 <6.9%>	46 <10.2%>	48 <10.2%>	<b>51 &lt;11.0%&gt;</b>	+55.9%	190 <10.3%>
<b>Automotive products</b>	28 <4.1%>	42 <5.9%>	40 <5.6%>	47 <6.3%>	157 <5.5%>	46 <6.1%>	44 <5.5%>	<b>31 &lt;4.0%&gt;</b>	-22.5%	183 <5.8%>
<b>Precision machinery</b>	-8 <-8.4%>	-7 <-6.7%>	1 <0.7%>	14 <9.0%>	0 <-0.0%>	10 <6.3%>	16 <9.8%>	<b>13 &lt;8.2%&gt;</b>	+1346.1%	56 <8.8%>
<b>Others</b>	4 <7.4%>	2 <4.9%>	3 <7.0%>	3 <4.8%>	12 <6.1%>	1 <2.3%>	4 <6.3%>	<b>7 &lt;13.9%&gt;</b>	+104.9%	10 <4.6%>
<b>Elimination</b>	-8	-7	-5	-11	-31	-8	-12	<b>-9</b>		-44

- **Industrial bearings:** Profitability remains robust, backed by the continuation of strong demand.
- **Automotive products:** Strong demand continues. However, profitability declined due to rising steel prices and an increase in expenses to cope with the high level of demand.
- **Precision machinery:** Profitability declined compared to the 2nd quarter due to the effect of the slowdown in demand for semiconductor and liquid crystal display-related products.

# Consolidated balance sheets



¥100 million)	FY 2003				FY 2004			
	Q1 (Quarter ended Jun. 30, '03)	Interim (Quarter ended Sep. 30, '03)	Q3 (Quarter ended Dec. 31, '03)	Year-end (Quarter ended Mar. 31, '04)	Q1 (Quarter ended Jun. 30, '04)	Interim (Quarter ended Sep. 30, '04)	Q3 (Quarter ended Dec. 31, '04)	Difference from the period ended Sep. 30, '04
<b>Assets</b>								
Current assets	2,936	2,829	2,829	2,955	3,047	2,844	<b>2,914</b>	+70
Non-current assets	3,158	3,331	3,233	3,264	3,242	3,378	<b>3,449</b>	+71
<b>Total assets</b>	<b>6,094</b>	<b>6,160</b>	<b>6,062</b>	<b>6,219</b>	<b>6,289</b>	<b>6,222</b>	<b>6,363</b>	<b>+141</b>
<b>Liabilities and Shareholder's equity</b>								
Current liabilities	2,377	2,260	2,129	2,456	2,428	2,373	<b>2,481</b>	+108
Long-term liabilities	1,846	1,943	1,969	1,755	1,961	1,928	<b>1,880</b>	-48
<b>Total liabilities</b>	<b>4,223</b>	<b>4,203</b>	<b>4,098</b>	<b>4,211</b>	<b>4,389</b>	<b>4,301</b>	<b>4,361</b>	<b>+60</b>
Minority interests	118	124	119	121	122	126	<b>117</b>	-9
<b>Total shareholder's equity</b>	<b>1,753</b>	<b>1,833</b>	<b>1,845</b>	<b>1,887</b>	<b>1,778</b>	<b>1,795</b>	<b>1,885</b>	<b>+90</b>
<b>Total liabilities and shareholder's equity</b>	<b>6,094</b>	<b>6,160</b>	<b>6,062</b>	<b>6,219</b>	<b>6,289</b>	<b>6,222</b>	<b>6,363</b>	<b>+141</b>
(Rate: 1US\$=)	(¥120.20)	(¥119.80)	(¥111.25)	(¥107.13)	(¥105.69)	(¥108.43)	(¥111.05)	
(Rate: 1EURO=)	(¥129.83)	(¥136.92)	(¥129.19)	(¥133.74)	(¥128.88)	(¥131.06)	(¥137.04)	

# Inventories



(¥100 million)	FY 2003				FY 2004			
	Q1 (Quarter ended Jun. 30, '03)	Interim (Quarter ended Sep. 30, '03)	Q3 (Quarter ended Dec. 31, '03)	Year-end (Quarter ended Mar. 31, '04)	Q1 (Quarter ended Jun. 30, '04)	Interim (Quarter ended Sep. 30, '04)	Q3 (Quarter ended Dec. 31, '04)	Difference from the period ended Sep. 30, '04
<b>Japan</b>	355	362	362	338	358	364	<b>416</b>	<b>+52</b>
<b>Overseas</b>	454	464	438	421	414	403	<b>427</b>	<b>+24</b>
The Americas	161	166	155	141	137	132	<b>138</b>	<b>+6</b>
Europe	186	190	184	184	179	169	<b>177</b>	<b>+8</b>
Asia	107	108	99	96	98	102	<b>112</b>	<b>+10</b>
<b>Total</b>	809	826	800	759	772	767	<b>843</b>	<b>+76</b>

# Capital expenditures Depreciation and Amortization

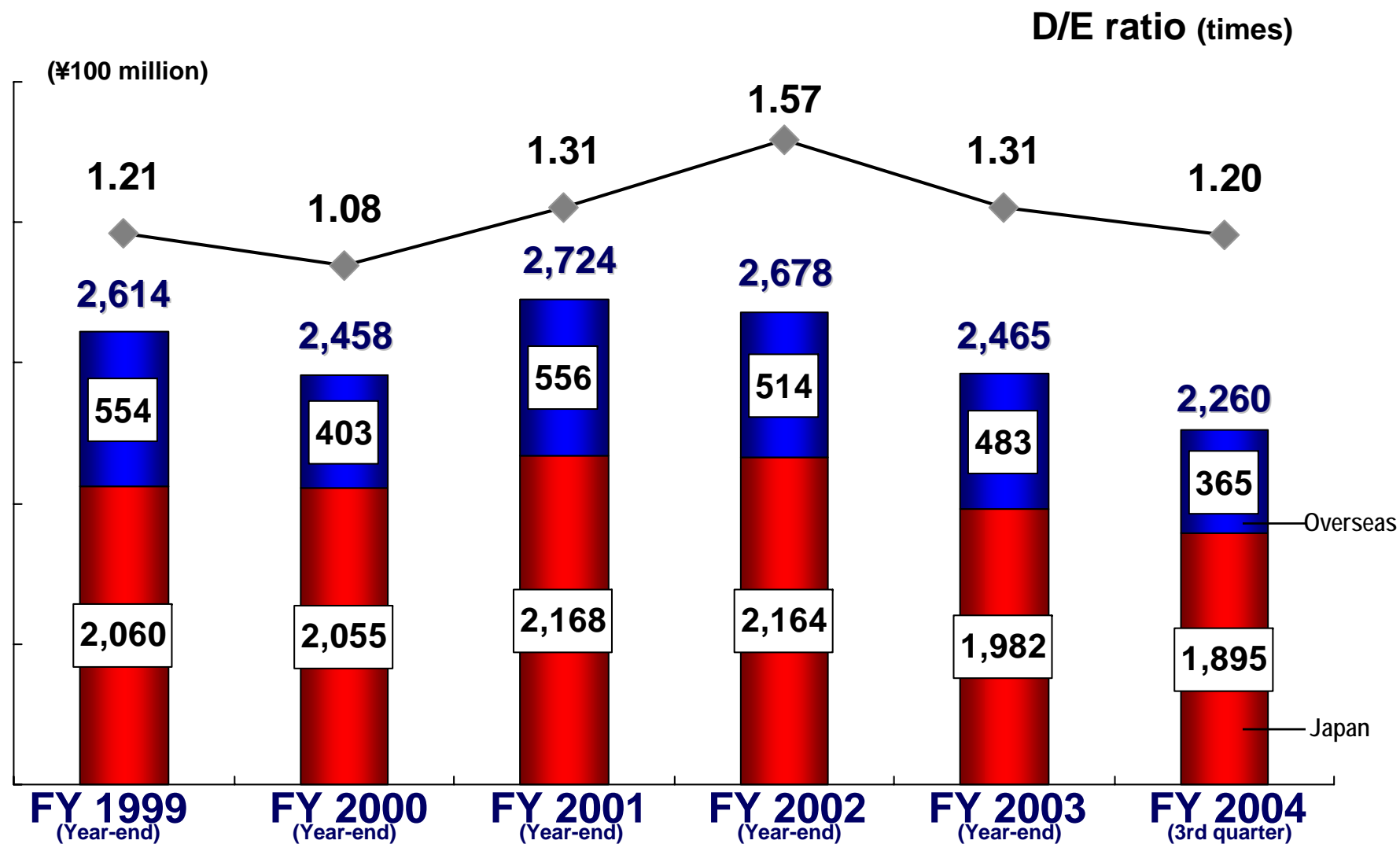


FY 2003	FY 2003				FY 2004				
	Q1	Q2	Q3	Q3	Full year	Q1	Q2	Q3	Full year <Forecast>
<b>Capital expenditures</b>	46	62	56	91	255	62	89	90	300
<b>Japan</b>	17	38	33	60	148	44	70	59	195
<Non-consolidated>	<10>	<21>	<14>	<30>	<75>	<20>	<37>	<27>	<124>
<b>Overseas</b>	29	24	23	31	107	18	19	31	105
The Americas	8	9	8	3	28	4	3	5	27
Europe	8	7	4	9	28	4	4	6	27
Asia	13	8	11	19	51	10	12	20	51

FY 2003	FY 2003				FY 2004				
	Q1	Q2	Q3	Q3	Full year	Q1	Q2	Q3	Full year <Forecast>
<b>Depreciation</b>	64	69	68	65	266	63	67	68	270
<b>Japan</b>	34	39	40	43	156	36	38	42	160
<Non-consolidated>	<19>	<20>	<20>	<22>	<81>	<18>	<19>	<20>	<78>
<b>Overseas</b>	30	30	28	22	110	27	29	26	110



# Interest bearing debts



# Supplementary information



( <b>¥100 million</b> )	<b>FY 2003</b>				<b>FY 2004</b>		
	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter
<b>Research &amp; Development</b>	20	22	21	24	23	24	<b>25</b>

<b>(Number of employees)</b>	<b>FY 2003</b>				<b>FY 2004</b>		
	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter
<b>Employees</b>	19,368	20,052	19,844	19,772	20,182	20,310	<b>20,565</b>
<b>Japan</b>	8,161	8,975	8,862	8,819	9,080	8,850	<b>8,867</b>
Parent company (Non-consolidated)	3,636	3,697	3,675	3,680	3,696	3,661	<b>3,664</b>
<b>The Americas</b>	3,015	3,039	3,030	3,058	3,036	3,036	<b>3,053</b>
<b>Europe</b>	4,693	4,559	4,425	4,254	4,283	4,448	<b>4,433</b>
<b>Asia</b>	3,499	3,479	3,527	3,641	3,783	3,976	<b>4,212</b>