



# **NSK**

## **CONSOLIDATED BUSINESS RESULTS**

**FOR THE FIRST QUARTER  
ENDED JUNE 30 2013**

**July 30, 2013**

**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 FY2013: Q1



## Business Results for FY2013: 1Q

	<u>1Q</u>	<u>From last 1Q</u>
Net Sales	¥ 205.0 billion	( +¥14.9 billion / 7.9% increase )
Operating income	¥ 12.8 billion	( +¥ 7.0 billion / 5.7% increase )
Net Income	¥ 9.4 billion	( +¥2.4 billion / 34.6% increase )

◎Despite patchy demand recovery, both sales and operating income increased, supported by the effect of currency movements.

◎Progress against forecast for 1H of FY2013 (Announced on May 10)

Sales: 53%      Operating income: 61%

### ✓ Business Environment

◎Industrial machinery: Although sales in the electrical sector were steady, demand in the machine tool, construction machinery and aftermarket sectors stagnated.

◎Automotive: Japan – Sales decreased YoY, despite a trend of increased production volume supported by the correction of the yen's appreciation.

Overseas - The Americas: robust    Asia: continued growth    Europe: stagnant

## Expected Business Performance for FY 2013:2Q

✓ Industrial machinery demand is expected to recover gradually in 2Q, however uncertainty from 3Q onwards.

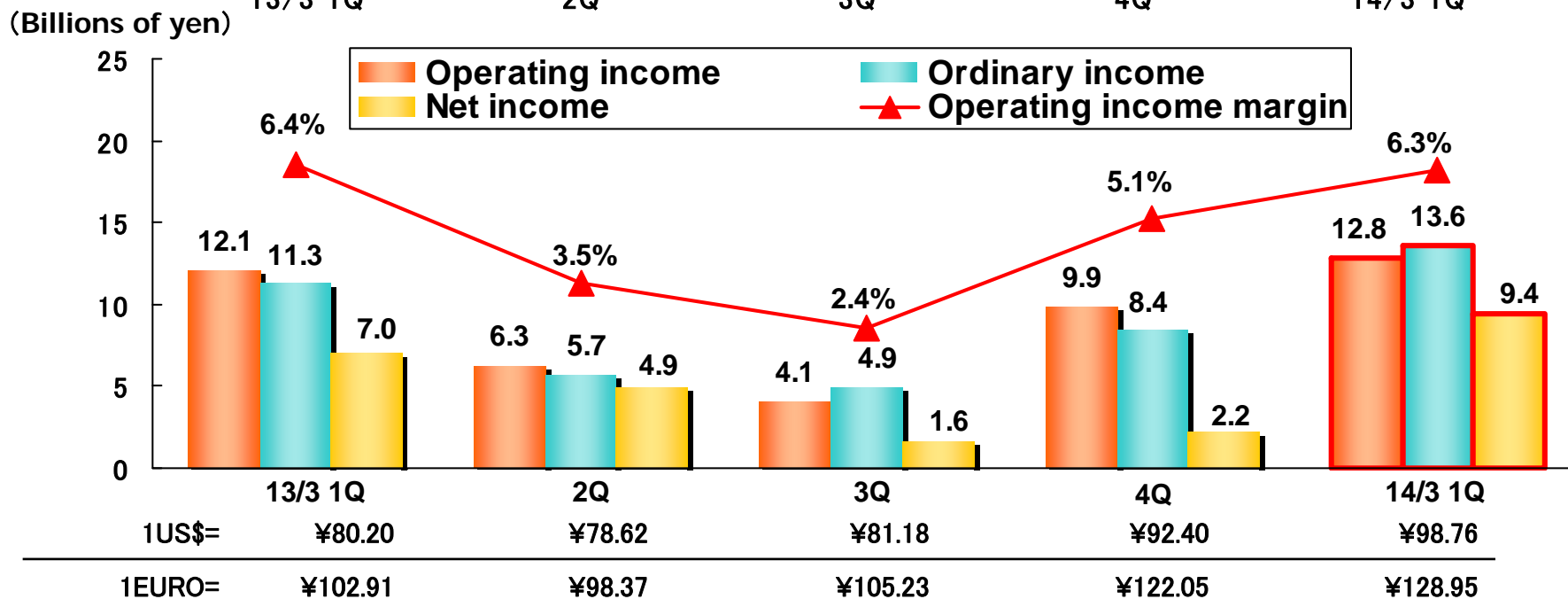
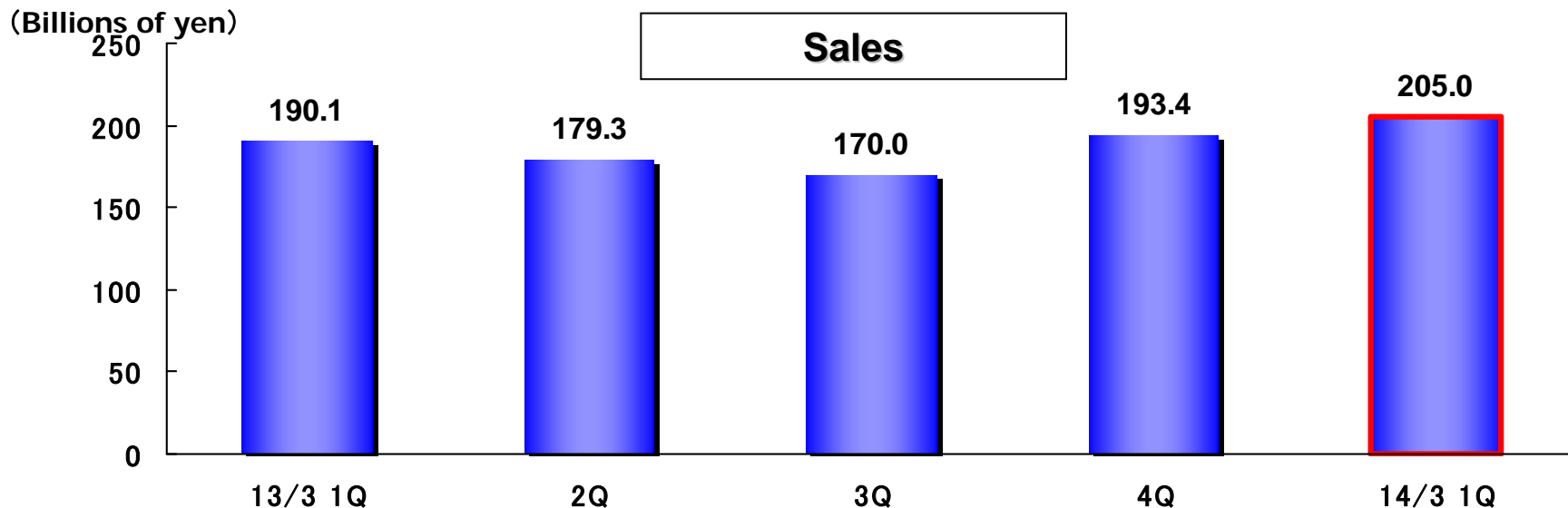
✓ Automotive production in 2Q is expected to increase steadily due to strong demand in North America and China

# Summary of Consolidated Business Results for FY 2013:1Q



(Billions of yen)	'13/3			'14/3				
	Q1 <Actual>	1st half <Actual>	Full year <Actual>	Q1 <Actual>	Increase /decrease YOY	%	1st half (Forecast)	Full year (Forecast)
<b>Sales</b>	<b>190.1</b>	<b>369.4</b>	<b>732.8</b>	<b>205.0</b>	<b>+14.9</b>	<b>+7.9%</b>	<b>390.0</b>	<b>790.0</b>
<b>Operating income</b>	<b>12.1</b>	<b>18.4</b>	<b>32.4</b>	<b>12.8</b>	<b>+0.7</b>	<b>+5.7%</b>	<b>21.0</b>	<b>49.0</b>
<b>&lt;%&gt;</b>	<b>&lt;6.4%&gt;</b>	<b>&lt;5.0%&gt;</b>	<b>&lt;4.4%&gt;</b>	<b>&lt;6.3%&gt;</b>			<b>&lt;5.4%&gt;</b>	<b>&lt;6.2%&gt;</b>
<b>Ordinary income</b>	<b>11.3</b>	<b>17.0</b>	<b>30.3</b>	<b>13.6</b>	<b>+2.3</b>	<b>+20.1%</b>	<b>19.5</b>	<b>46.0</b>
<b>Profit before tax</b>	<b>10.6</b>	<b>16.1</b>	<b>25.3</b>	<b>14.1</b>	<b>+3.5</b>	<b>+32.3%</b>	<b>19.5</b>	<b>46.0</b>
<b>Net income</b>	<b>7.0</b>	<b>11.9</b>	<b>15.7</b>	<b>9.4</b>	<b>+2.4</b>	<b>+34.6%</b>	<b>12.0</b>	<b>30.0</b>
(Rate: 1US\$=)	(¥80.20)	(¥79.41)	(¥83.10)	(¥98.76)			(¥90)	(¥90)
( " EURO=)	(¥102.91)	(¥100.64)	(¥107.14)	(¥128.95)			(¥120)	(¥120)

# Quarterly Business Performance



# Results by Business Segment



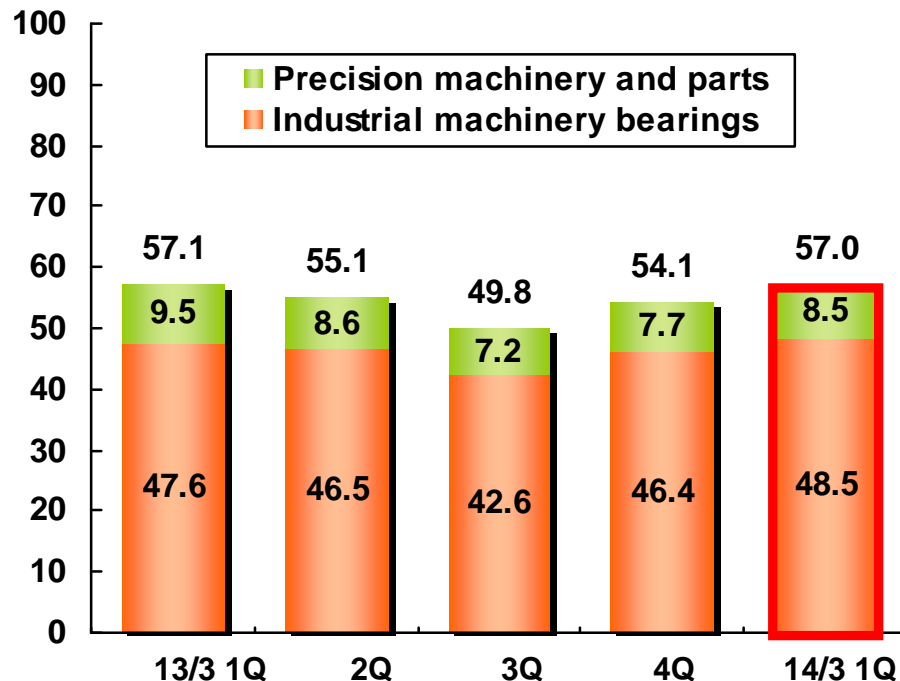
(Billions of yen)		'13/3			'14/3				
		1Q <Actual>	1st half <Actual>	Full year <Actual>	1Q <Actual>	Increase/ decrease YOY	%	1st half (Forecast)	Full year (Forecast)
<b>Total</b>	<b>Sales</b>	190.1	369.4	732.8	205.0	+14.9	+7.9%	390.0	790.0
	Operating income	12.1	18.4	32.4	12.8	+0.7	+5.7%	21.0	49.0
	<%>	6.4%	5.0%	4.4%	6.3%			5.4%	6.2%
<b>Industrial machinery business</b>	<b>Sales</b>	57.1	112.2	216.1	57.0	-0.1	-0.2%	110.5	230.0
	Industrial machinery bearings	47.6	94.1	183.1	48.5	+0.9	+1.9%	95.0	195.0
	Precision machinery and parts	9.5	18.1	33.0	8.5	-1.0	-10.7%	15.5	35.0
	Operating income	5.4	8.8	13.0	3.9	-1.5	-28.1%	7.0	20.0
	<%>	9.4%	7.8%	6.0%	6.8%			6.3%	8.7%
<b>Automotive business</b>	<b>Sales</b>	126.2	243.8	490.5	141.1	+14.9	+11.9%	261.0	525.0
	Automotive bearings	61.0	117.2	236.5	68.1	+7.1	+11.7%	127.0	255.0
	Automotive components	65.2	126.6	254.0	73.0	+7.8	+12.0%	134.0	270.0
	Operating income	7.8	12.3	25.0	10.3	+2.5	+31.5%	16.5	34.5
	<%>	6.2%	5.1%	5.1%	7.3%			6.3%	6.6%
<b>Other</b>	<b>Sales</b>	14.3	28.0	53.3	13.5	-0.8	-5.5%	30.5	59.0
	Operating income	0.8	1.2	2.2	0.6	-0.2	-31.2%	1.5	2.5
	<%>	5.9%	4.4%	4.1%	4.3%			4.9%	4.2%
<b>Eliminations (sales)</b>		-7.5	-14.6	-27.1	-6.6	+0.9		-12.0	-24.0
<b>Eliminations/Corporate</b>		-1.9	-3.9	-7.8	-2.0	-0.1		-4.0	-8.0

# Results by Business Segment – Industrial Machinery Business



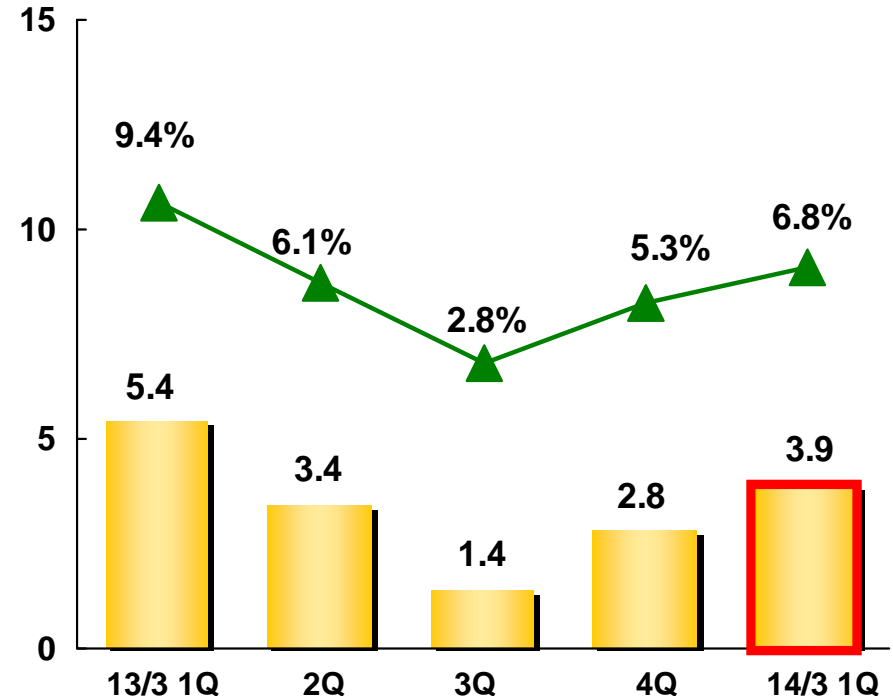
## Sales

(Billions of yen)



## Operating income/Margin

(Billions of yen)



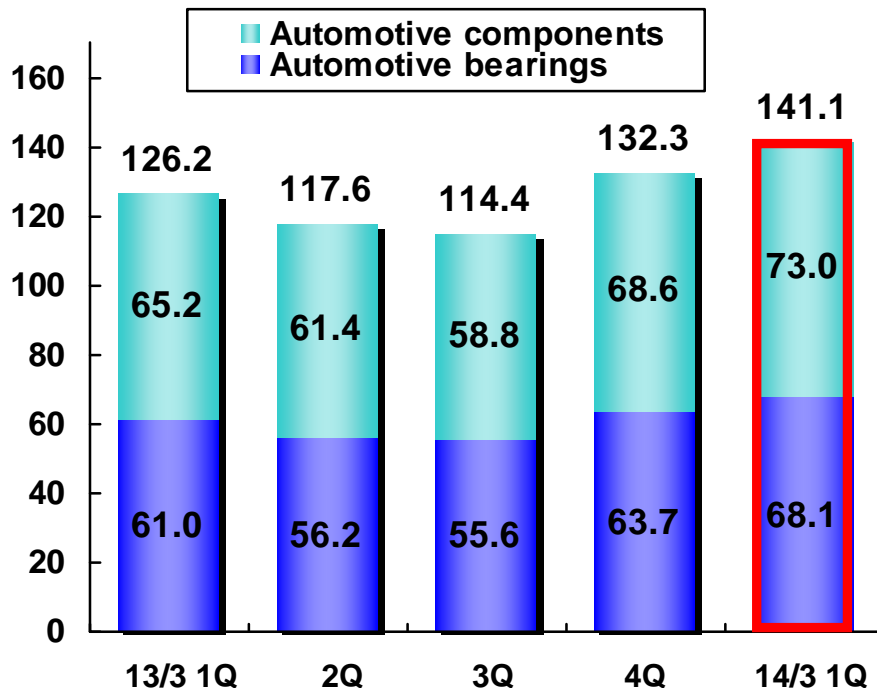
- Sales have continued on a recovery trend since the bottom of 3Q. Due to the correction of the yen's appreciation, sales were almost the same level as previous year's Q1. Volume is still in a recovery phase. 1Q sales were ¥57.0 billion, a year-on-year decrease of 0.2%.
- Despite increased sales to the electrical sector in China, sales to the machine tool, construction machinery and after market sectors decreased.
- Despite efforts to reduce external procurement costs and the effect of the yen's correction, 1Q operating income totaled ¥3.9 billion, a year-on-year decrease of 28.1%, due to delay in volume recovery. However, this represented an increase of 35.1% compared to the preceding quarter.

# Results by Business Segment – Automotive Business



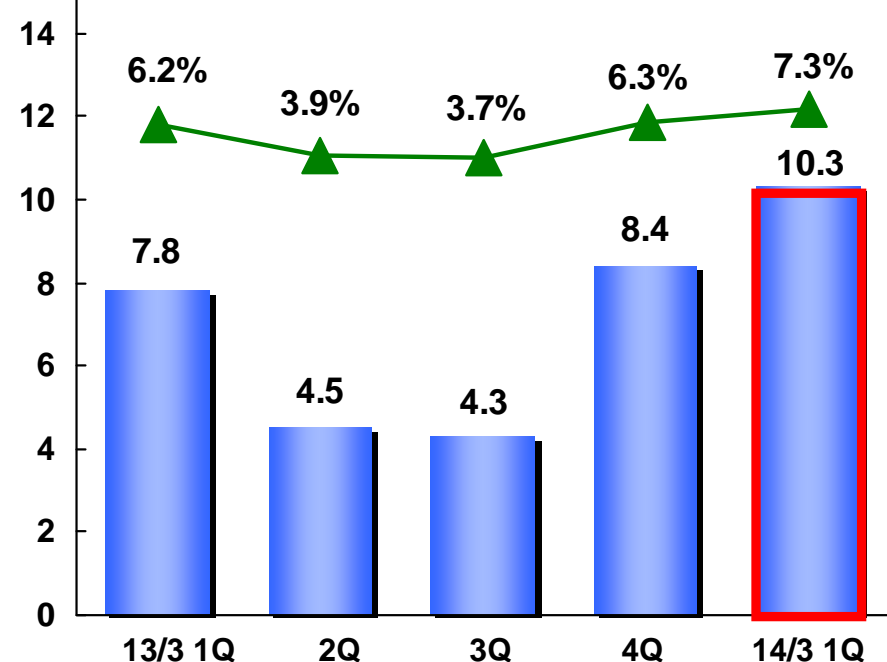
## Sales

(Billions of yen)



## Operating income/Margin

(Billions of yen)



- 1Q sales totaled ¥141.1 billion, a year-on-year increase of 11.9%, due to expansion of EPS sales in addition to steady demand increase in North America and Asia. This represents a record for quarterly sales.
- Despite a decrease in sales price, operating income was ¥10.3 billion, a year-on-year increase of 31.5%, supported by reduction in external procurement costs and correction of the yen's appreciation. This represents an increase of 22.3% from the previous quarter. Quarterly operating income exceeded 7.0% for the first time since 4Q of FY2009.

# Results by Geographical Segment



(Billions of yen)		'13/3			'14/3				
		1Q <Actual>	1st half <Actual>	Full year <Actual>	1Q <Actual>	Increase/ decrease YOY	%	1st half (Forecast)	Full year (Forecast)
<b>Total</b>	Sales	190.1	369.4	732.8	205.0	+14.9	+7.9%	390.0	790.0
	Operating income	12.1	18.4	32.4	12.8	+0.7	+5.7%	21.0	49.0
	%	6.4%	5.0%	4.4%	6.3%			5.4%	6.2%
<b>Japan</b>	Sales	133.9	259.7	492.4	123.7	-10.2	-7.6%	247.0	488.0
	Operating income	8.9	13.6	23.6	9.7	+0.8	+9.3%	14.0	29.0
	%	6.6%	5.3%	4.8%	7.8%			5.7%	5.9%
<b>The Americas</b>	Sales	25.7	48.7	102.3	32.9	+7.2	+28.2%	58.0	118.0
	Operating income	0.7	1.2	3.2	1.0	+0.3	+42.1%	2.0	4.5
	%	2.8%	2.5%	3.2%	3.1%			3.4%	3.8%
<b>Europe</b>	Sales	25.7	49.0	104.4	30.1	+4.4	+17.4%	57.0	116.5
	Operating income	0.8	1.0	2.0	0.5	-0.3	-32.6%	1.0	3.5
	%	3.0%	1.9%	1.9%	1.7%			1.8%	3.0%
<b>Asia</b>	Sales	46.7	95.4	193.7	65.5	+18.8	+40.4%	118.0	248.0
	Operating income	3.3	6.0	10.6	4.2	+0.9	+25.9%	8.0	19.5
	%	7.1%	6.3%	5.5%	6.4%			6.8%	7.9%
<b>Eliminations (sales)</b>		-41.9	-83.4	-160.0	-47.2	-5.3		-90.0	-180.5
<b>Eliminations/ Corporate</b>		-1.6	-3.4	-7.0	-2.6	-1.0		-4.0	-7.5



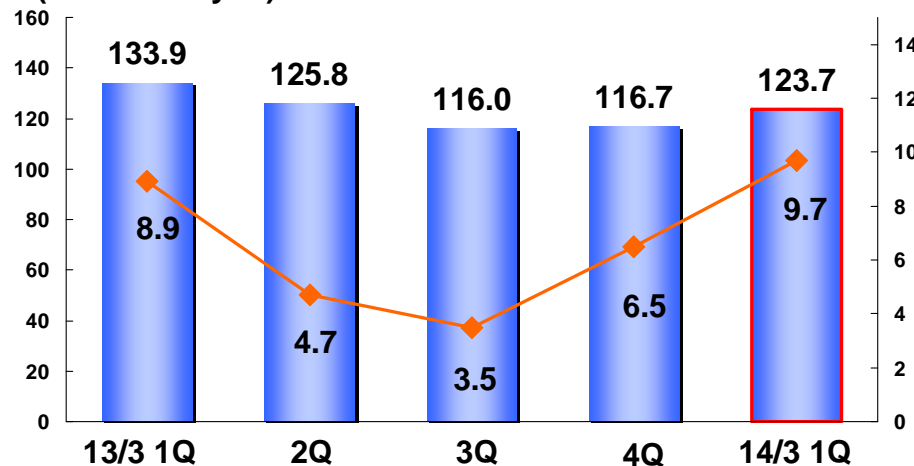
# Results by Geographical Segment



## Japan

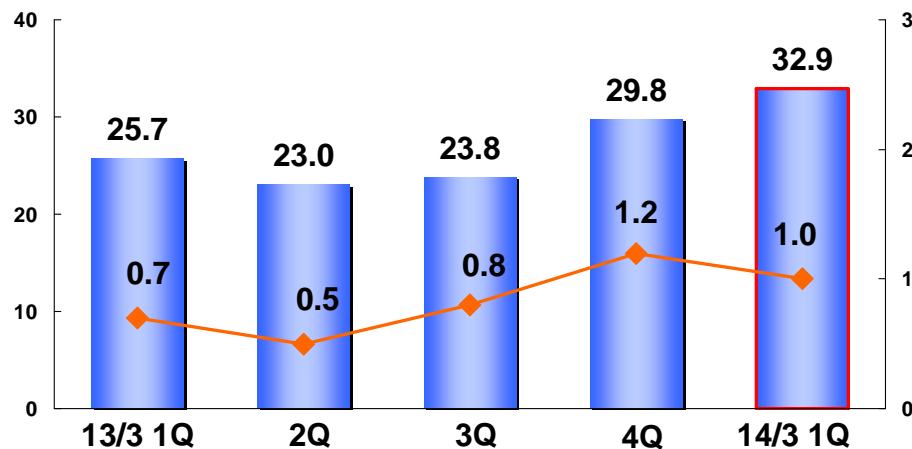
■ Left: Sales  
◆ Right: Operating Income

(Billions of yen)



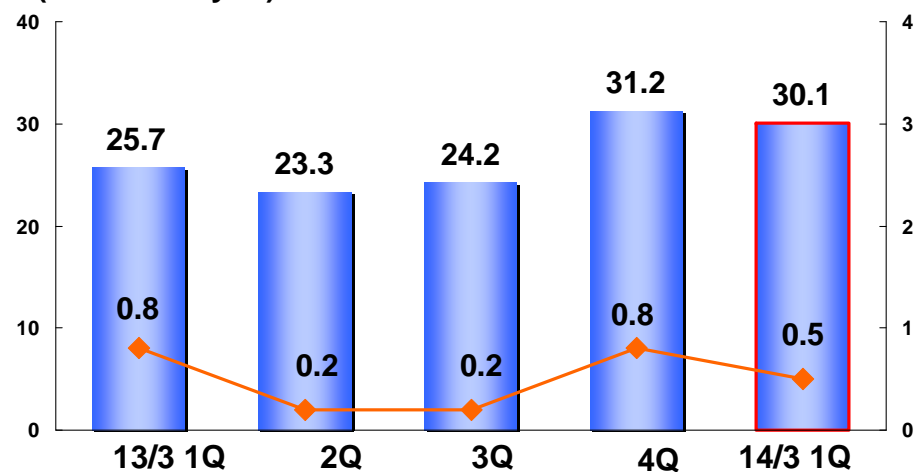
## The Americas

(Billions of yen)



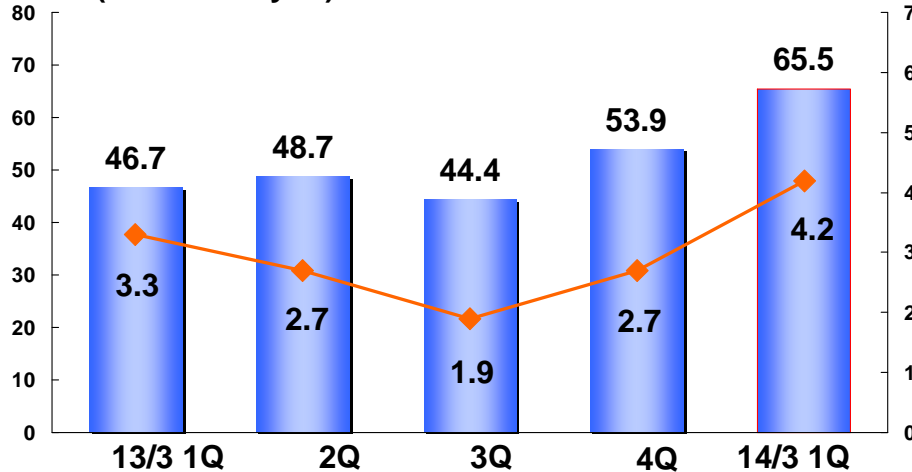
## Europe

(Billions of yen)



## Asia

(Billions of yen)



# Results by Customer Location



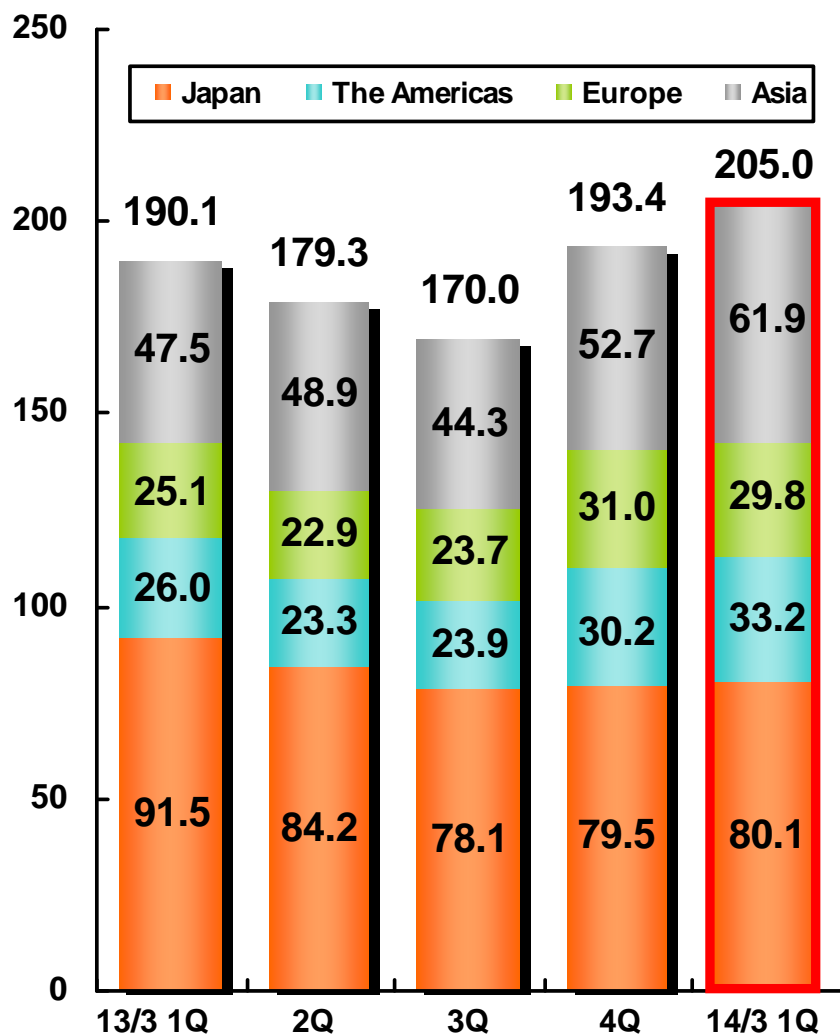
(Billions of yen)	'13/3			'14/3				
	1Q <Actual>	1st half <Actual>	Full year <Actual>	1Q <Actual>	Increase/ decrease YOY	%	1st half (Forecast)	Full year (Forecast)
<b>Sales</b>	<b>190.1</b>	<b>369.4</b>	<b>732.8</b>	<b>205.0</b>	<b>+14.9</b>	<b>+7.9%</b>	<b>390.0</b>	<b>790.0</b>
<b>Japan</b>	<b>91.5</b>	<b>175.7</b>	<b>333.3</b>	<b>80.1</b>	<b>-11.4</b>	<b>-12.5%</b>	<b>159.0</b>	<b>321.0</b>
<b>Non-Japan</b>	<b>98.6</b>	<b>193.7</b>	<b>399.5</b>	<b>124.9</b>	<b>+26.3</b>	<b>+26.8%</b>	<b>231.0</b>	<b>469.0</b>
(Ratio of non-Japan sales to consolidated net sales)	<b>(51.9%)</b>	<b>(52.4%)</b>	<b>(54.5%)</b>	<b>(60.9%)</b>			<b>(59.2%)</b>	<b>(59.4%)</b>
<b>The Americas</b>	<b>26.0</b>	<b>49.3</b>	<b>103.4</b>	<b>33.2</b>	<b>+7.2</b>	<b>+27.4%</b>	<b>58.0</b>	<b>118.5</b>
<b>Europe</b>	<b>25.1</b>	<b>48.0</b>	<b>102.7</b>	<b>29.8</b>	<b>+4.7</b>	<b>+18.6%</b>	<b>55.5</b>	<b>113.5</b>
<b>Asia</b>	<b>47.5</b>	<b>96.4</b>	<b>193.4</b>	<b>61.9</b>	<b>+14.4</b>	<b>+30.7%</b>	<b>117.5</b>	<b>237.0</b>
(Asia Ratio)	<b>(25.0%)</b>	<b>(26.1%)</b>	<b>(26.4%)</b>	<b>(30.2%)</b>			<b>(30.1%)</b>	<b>(30.0%)</b>
<b>China only</b>	<b>22.8</b>	<b>47.0</b>	<b>91.4</b>	<b>32.5</b>	<b>+9.7</b>	<b>+42.9%</b>	<b>59.5</b>	<b>118.5</b>

# Results by Customer Location



## Net sales by customer location Quarterly business performance

(Billions of yen)



(Compared to the same period last year)

**Asia:** Sales in the electrical sector of industrial machinery business and EPS in automotive business increased in China. 1Q sales increased by 10.0% from 4Q.

**Europe:** Sales in industrial aftermarket and automotive business decreased. 1Q sales decreased by 8.8% from 4Q.

**The Americas:** Although sales in the general machinery sector decreased, automotive sales in North America increased steadily. 1Q sales increased 3.6% from 4Q.

**Japan:** Sales of industrial machinery recovered as customers' inventory adjustment progressed. However, demand in the Japanese automotive market decreased. Overall 1Q sales increased by 0.7% from 4Q.

# Consolidated Balance Sheet



## Assets

## Liabilities and net assets

Non-current assets

Current assets

Net assets

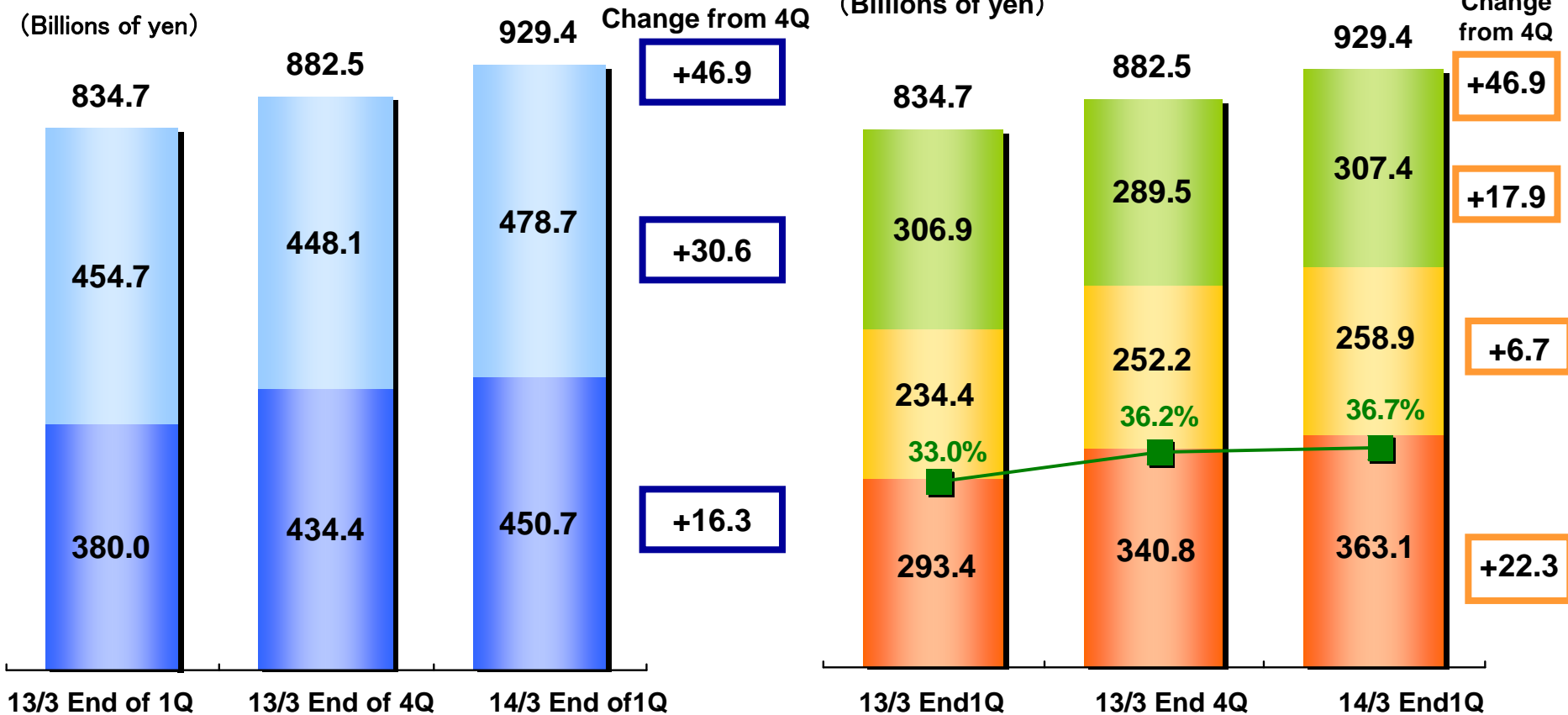
Non-current liabilities

Current liabilities

Ratio of net worth to total capital

(Billions of yen)

(Billions of yen)



79.31	94.05	98.59
98.74	120.73	128.53

79.31	94.05	98.59
98.74	120.73	128.53

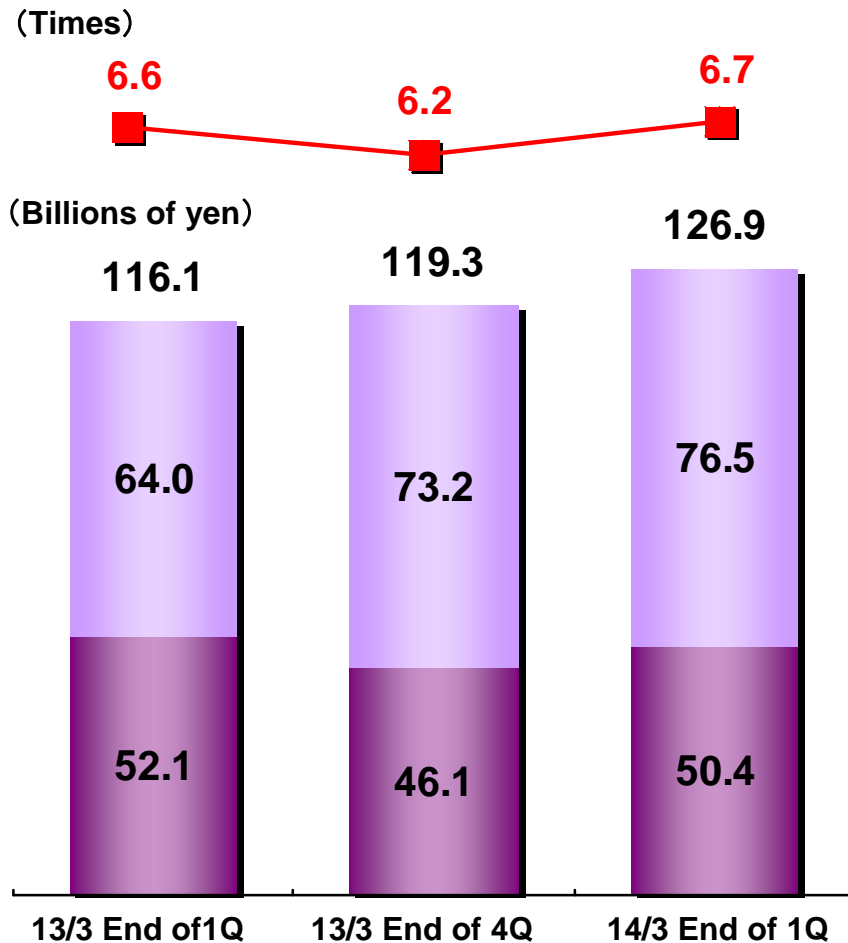
Exchange rate: upper=US\$ lower= EURO

Exchange rate: upper=US\$ lower= EURO

# Inventories Interest-bearing Debt

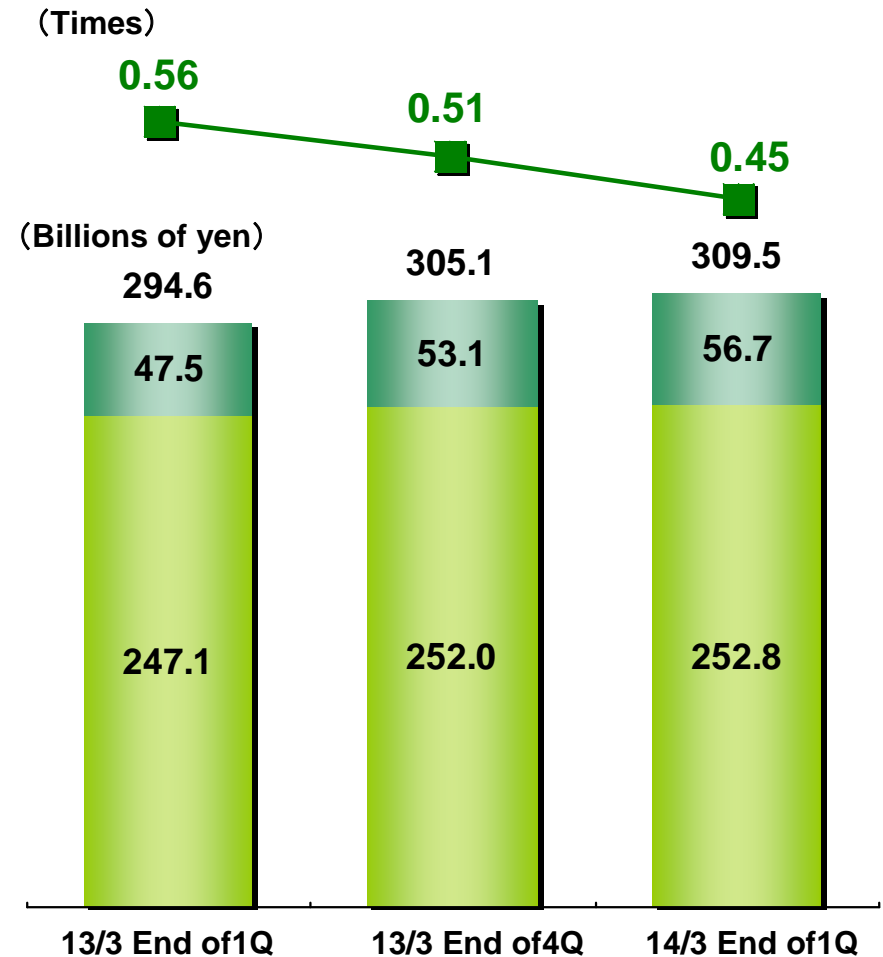
## Inventories

Japan Non-Japan Inventory turnover

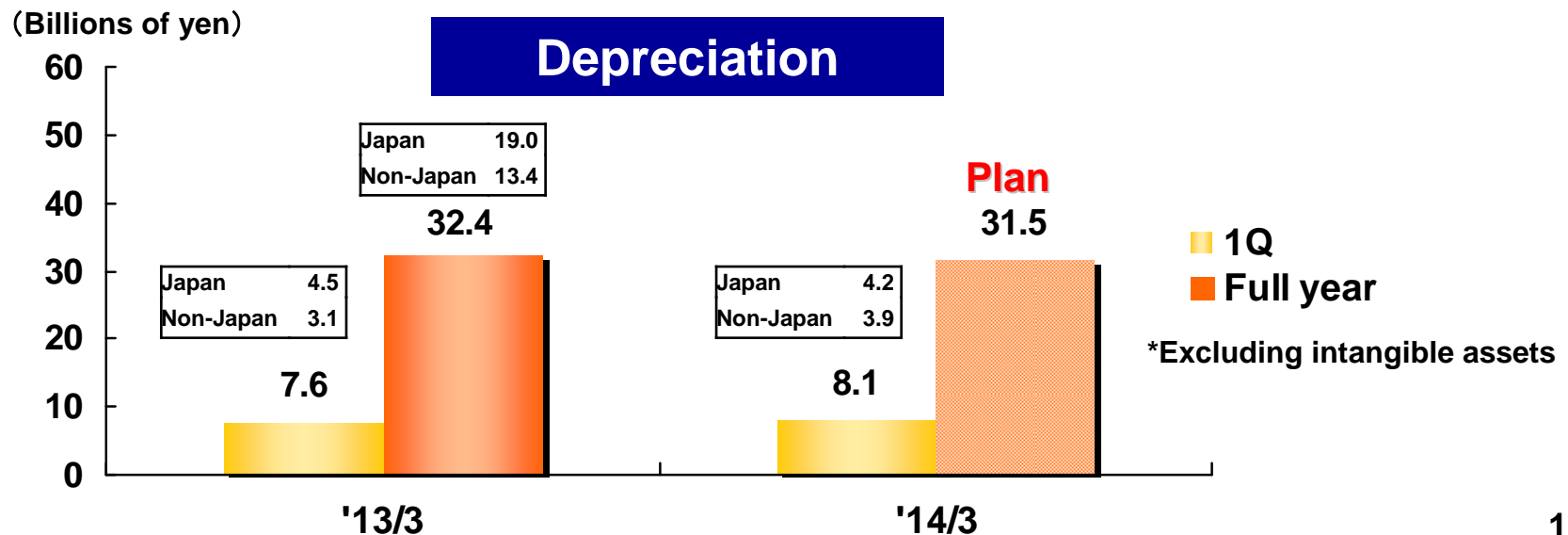
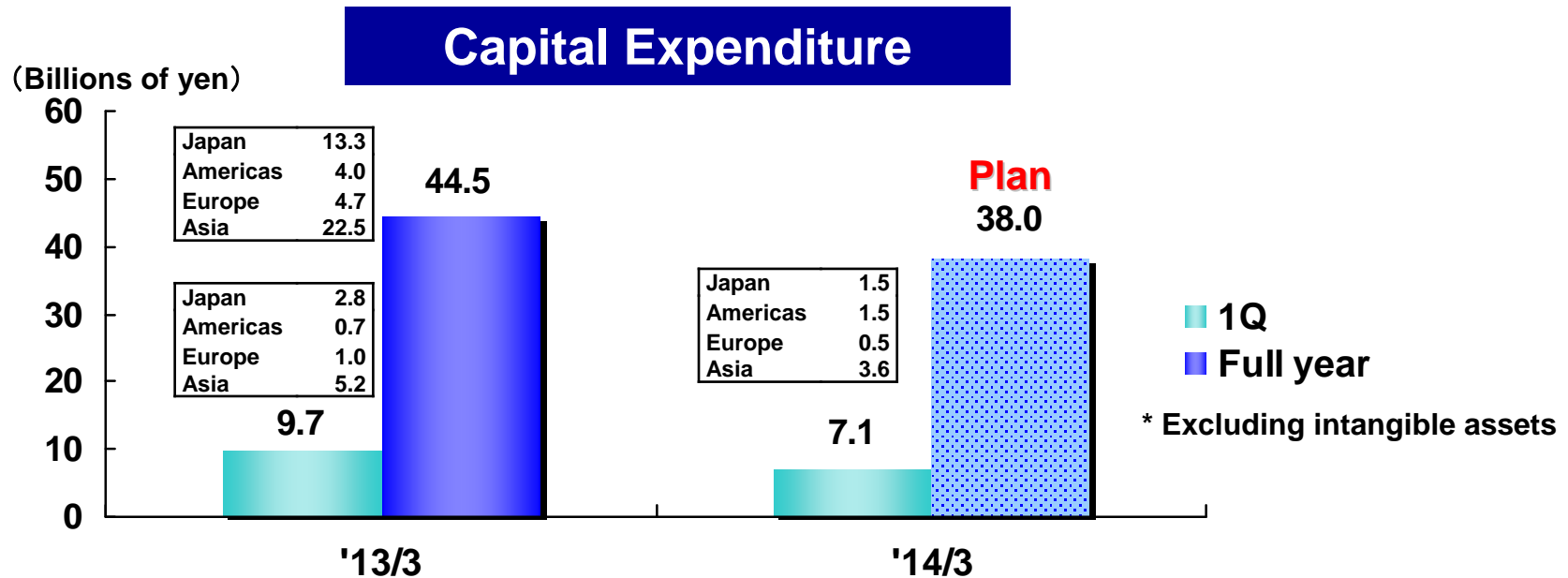


## Interest-bearing debt

Japan Non-Japan Net D/E ratio



# Capital Expenditure Depreciation



# Supplementary Information

## —Research & Development Employees



(Billions of yen)	'13/3				'14/3	
	1Q	2Q	3Q	4Q	1Q	Full year (Plan)
<b>Research &amp; Development</b>	2.6	2.8	2.5	2.5	<b>2.4</b>	<b>10.5</b>

(No. of employees)	'13/3				'14/3
	1Q	2Q	3Q	4Q	1Q
<b>Employees</b>	28,007	28,225	28,404	28,487	<b>29,417</b>
<b>Japan</b>	11,445	11,347	11,339	11,220	<b>11,481</b>
<b>The Americas</b>	2,696	2,758	2,790	2,782	<b>2,814</b>
<b>Europe</b>	3,360	3,392	3,381	3,404	<b>3,434</b>
<b>Asia</b>	10,506	10,728	10,894	11,081	<b>11,688</b>

# Supplementary Information

## —Forecasts by Business Segment



(Billions of yen)	'13/3			'14/3			
	1st half <Actual>	2nd half <Actual>	Full year <Actual>	1st half <Forecast>	2nd half <Forecast>	Full year <Forecast>	Increase/ decrease YOY
<b>Sales</b>	<b>369.4</b>	<b>363.4</b>	<b>732.8</b>	<b>390.0</b>	<b>400.0</b>	<b>790.0</b>	<b>+57.2</b>
Industrial machinery business	112.2	103.9	216.1	110.5	119.5	230.0	+13.9
Industrial machinery bearings	94.1	89.0	183.1	95.0	100.0	195.0	+11.9
Precision machinery and parts	18.1	14.9	33.0	15.5	19.5	35.0	+2.0
Automotive business	243.8	246.7	490.5	261.0	264.0	525.0	+34.5
Automotive bearings	117.2	119.3	236.5	127.0	128.0	255.0	+18.5
Automotive components	126.6	127.4	254.0	134.0	136.0	270.0	+16.0
Other	28.0	25.3	53.3	30.5	28.5	59.0	+5.7
Eliminations/corporate	-14.6	-12.5	-27.1	-12.0	-12.0	-24.0	+2.2
<b>Operating income</b>	<b>18.4</b> <5.0%>	<b>14.0</b> <3.8%>	<b>32.4</b> <4.4%>	<b>21.0</b> <5.4%>	<b>28.0</b> <7.0%>	<b>49.0</b> <6.2%>	<b>+16.6</b>
Industrial machinery business	8.8 <7.8%>	4.2 <4.1%>	13.0 <6.0%>	7.0 <6.3%>	13.0 <10.9%>	20.0 <8.7%>	+7.0
Automotive business	12.3 <5.1%>	12.7 <5.1%>	25.0 <5.1%>	16.5 <6.3%>	18.0 <6.8%>	34.5 <6.6%>	+9.5
Other	1.2 <4.4%>	1.0 <3.7%>	2.2 <4.1%>	1.5 <4.9%>	1.0 <3.5%>	2.5 <4.2%>	+0.3
Eliminations/Corporate	-3.9	-3.9	-7.8	-4.0	-4.0	-8.0	-0.2