

NSK



CONSOLIDATED BUSINESS RESULTS

FOR THE FIRST QUARTER
ENDED JUNE 30, 2016

August 1, 2016
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 FY2016: Q1



Business Results for FY2016: Q1

✓ Consolidated Business Results for FY2016: Q1 (Apr.-Jun.) [IFRS]

(From FY2015: Q1)

-Net Sales :	¥ 231.8 billion	(-¥ 19.4 billion / - 7.7%)
-Operating income before deducting other operating expenses :	¥ 20.4 billion	(-¥ 6.9 billion / -25.1%)
-Operating Income :	¥ 14.6 billion	(-¥ 11.9 billion / -44.9%)
-Net Income attributable to owners of the Parent :	¥ 11.6 billion	(-¥ 5.6 billion / -32.4%)

◎ Year-on-year decrease in both net sales and operating income.

Exchange rate impact: Sales: -¥ 21.7 billion, Operating Income: -¥ 4.1 billion.

Progress toward FY16 1H forecast: 52% for both net sales and operating income.

✓ Business Environment

◎ Japan: Demand environment generally sluggish partially due to appreciation of the yen.

◎ Non-Japan: Steady demand in the U.S., growing uncertainty in Europe due to the UK's decision to exit the EU, slower growth in China and other emerging countries.

Expected Business Performance for FY2016: Q2 onward

✓ Industrial machinery business:

Global demand expected to remain flat.

✓ Automotive business:

Steady demand in North America expected to drive the sector. However, careful observation of status of special tax incentives for compact cars in China required.

Summary of Consolidated Business Results for FY2016: Q1



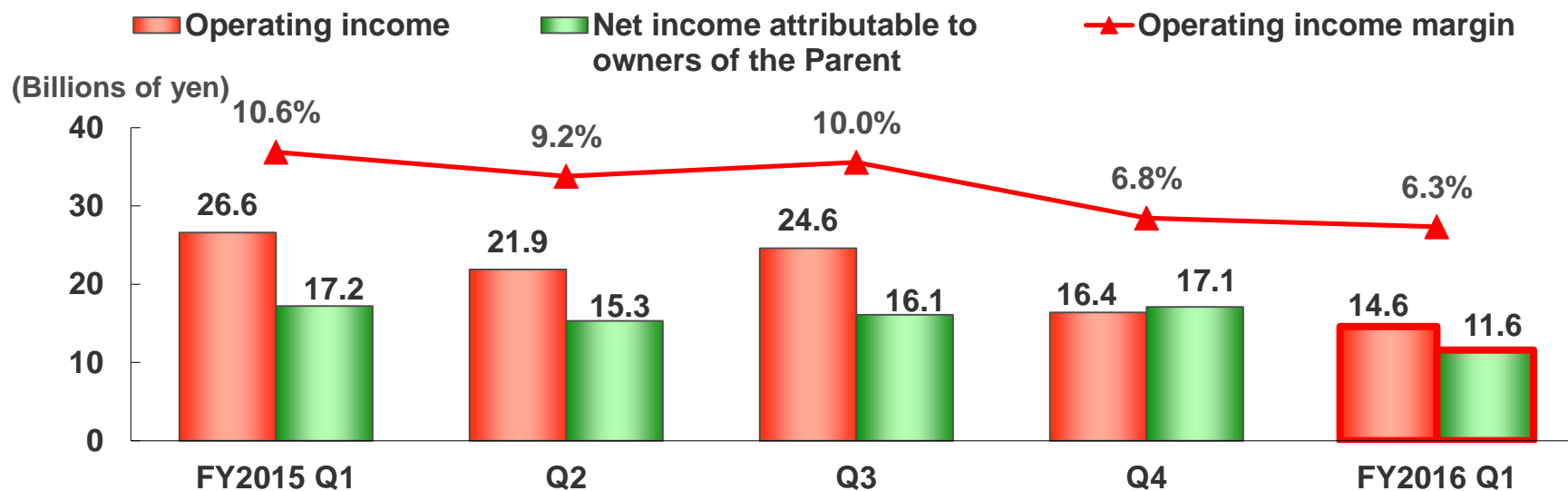
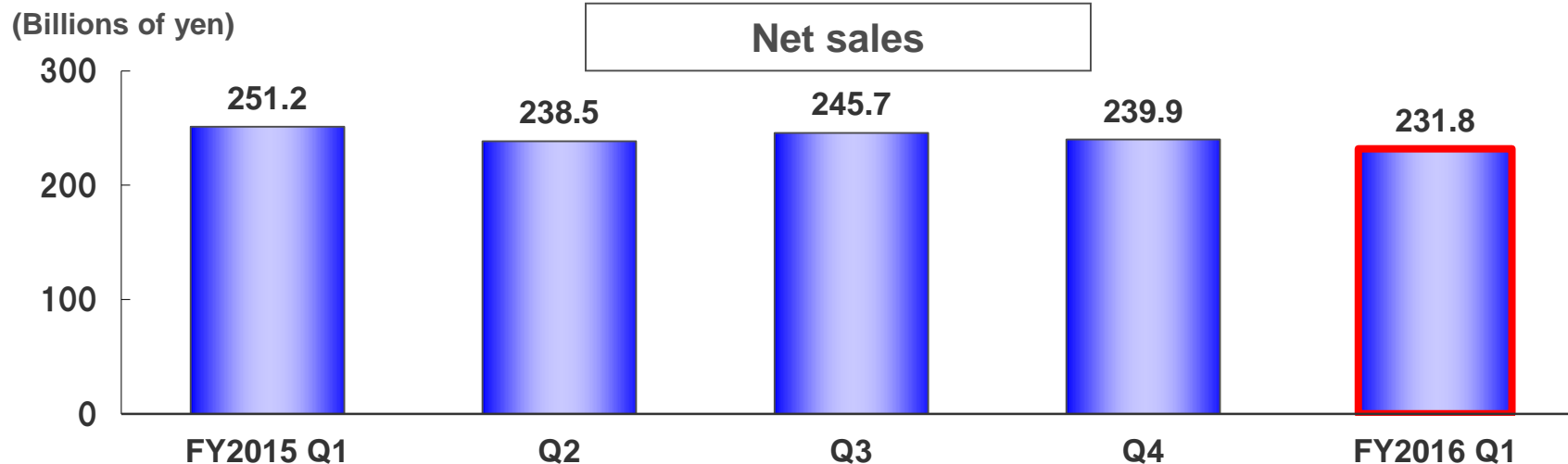
(Billions of yen)	FY2015 [IFRS]			FY2016 [IFRS]				
	Q1 <Actual>	1 st half <Actual>	Full year <Actual>	Q1 <Actual>	Increase/ Decrease YOY	% Change	1 st half <May 11 FCST>	Full year <May 11 FCST>
Net sales	251.2	489.7	975.3	231.8	-19.4	-7.7%	450.0	920.0
Operating income	26.6	48.5	89.5	14.6	-11.9	-44.9%	28.0	65.0
<%>	<10.6%>	<9.9%>	<9.2%>	<6.3%>			<6.2%>	<7.1%>
Income before income tax	26.5	47.4	87.2	14.7	-11.8	-44.6%	27.0	63.0
Net income attributable to owners of the Parent	17.2	32.6	65.7	11.6	-5.6	-32.4%	17.0	40.0
(Ex. rate: US1\$=)	¥121.36	¥121.80	¥120.14	¥108.25	-¥13.11	-10.8%	¥105	¥105
(" 1EURO=)	¥134.16	¥135.07	¥132.58	¥122.17	-¥11.99	-8.9%	¥120	¥120
(" 1RMB=)	¥19.56	¥19.44	¥18.85	¥16.54	-¥3.02	-15.4%	¥16.7	¥16.7

*Reference :

Operating income before deducting other operating expenses	27.3	50.2	94.3	20.4	-6.9	-25.1%		
<%>	<10.9%>	<10.2%>	<9.7%>	<8.8%>				

Other operating expenses : Antimonopoly Act related loss, etc.

Quarterly Business Performance



1US\$=	¥121.36	¥122.24	¥121.50	¥115.46	¥108.25
1EURO=	¥134.16	¥135.98	¥132.94	¥127.24	¥122.17
1RMB=	¥19.56	¥19.32	¥18.90	¥17.62	¥16.54

Sales & Operating Income Results by Business Segment



(Billions of yen)		FY2015 [IFRS]			FY2016 [IFRS]				
		Q1 <Actual>	1 st half <Actual>	Full year <Actual>	Q1 <Actual>	Increase/ Decrease YOY	% Change	1 st half <May 11 FCST>	Full year <May 11 FCST>
Total	Net sales	251.2	489.7	975.3	231.8	-19.4	-7.7%	450.0	920.0
	Operating income	26.6	48.5	89.5	14.6	-11.9	-44.9%	28.0	65.0
	<%>	10.6%	9.9%	9.2%	6.3%			6.2%	7.1%
Automotive Business	Net sales	173.5	339.0	689.1	167.7	-5.8	-3.4%	324.0	656.0
	Automotive bearings	78.5	155.1	314.3	77.6	-0.9	-1.2%	151.0	306.0
	Automotive components	95.0	183.9	374.8	90.1	-4.9	-5.2%	173.0	350.0
	Operating income	16.8	32.3	67.9	15.4	-1.3	-7.9%	22.0	49.0
	<%>	9.7%	9.5%	9.9%	9.2%			6.8%	7.5%
Industrial Machinery Business	Net sales	70.3	136.6	259.8	57.7	-12.6	-17.9%	116.0	242.0
	Industrial machinery bearings	58.9	114.2	218.1	47.9	-11.0	-18.7%	97.5	202.0
	Precision machinery and parts	11.4	22.4	41.7	9.8	-1.5	-13.5%	18.5	40.0
	Operating income	8.7	15.3	23.1	4.2	-4.5	-52.2%	5.0	13.0
	<%>	12.4%	11.2%	8.9%	7.2%			4.3%	5.4%
Others	Net sales	13.9	27.1	52.0	11.5	-2.4	-17.1%	24.0	49.0
	Operating income	1.7	2.5	3.1	0.7	-1.0	-57.2%	2.0	4.5
	<%>	12.6%	9.3%	5.9%	6.5%			8.3%	9.2%
Eliminations (sales)		-6.5	-12.9	-25.6	-5.1	+1.4		-14.0	-27.0
Eliminations/corporate expenses		-0.6	-1.5	-4.5	-5.7	-5.1		-1.0	-1.5

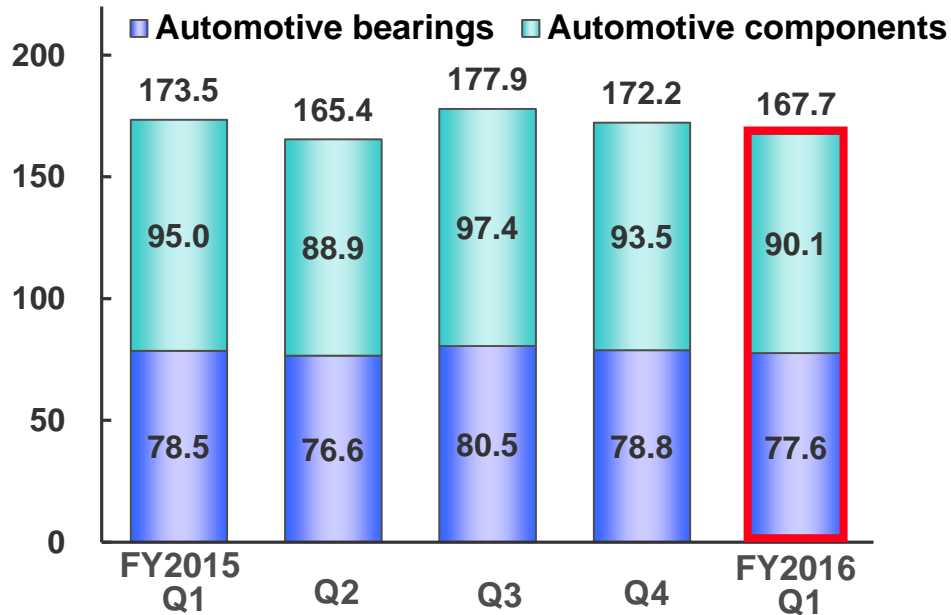
Sales & O.I. Results by Business Segment

— Automotive Business —



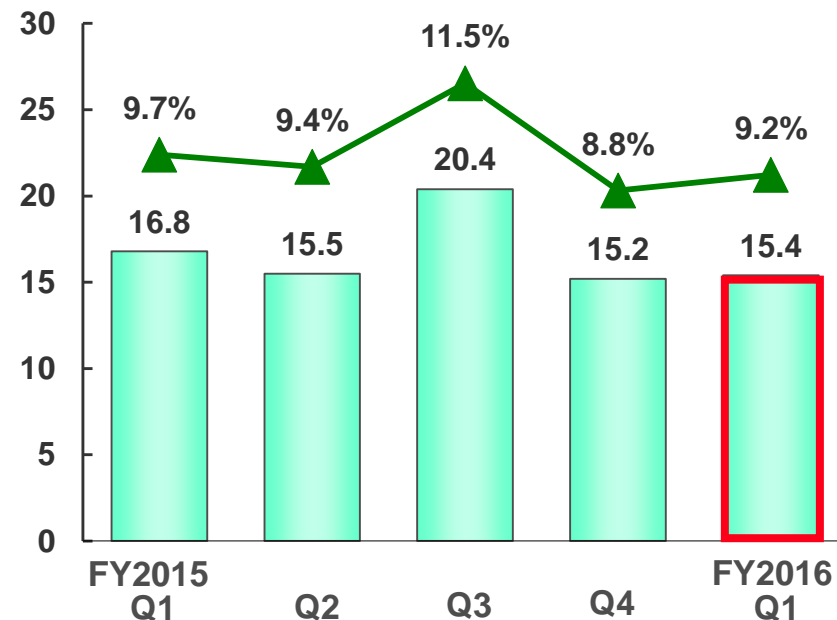
Net Sales

(Billions of yen)



Operating Income/Margin

(Billions of yen)



FY16 Q1 results compared to FY15 Q1

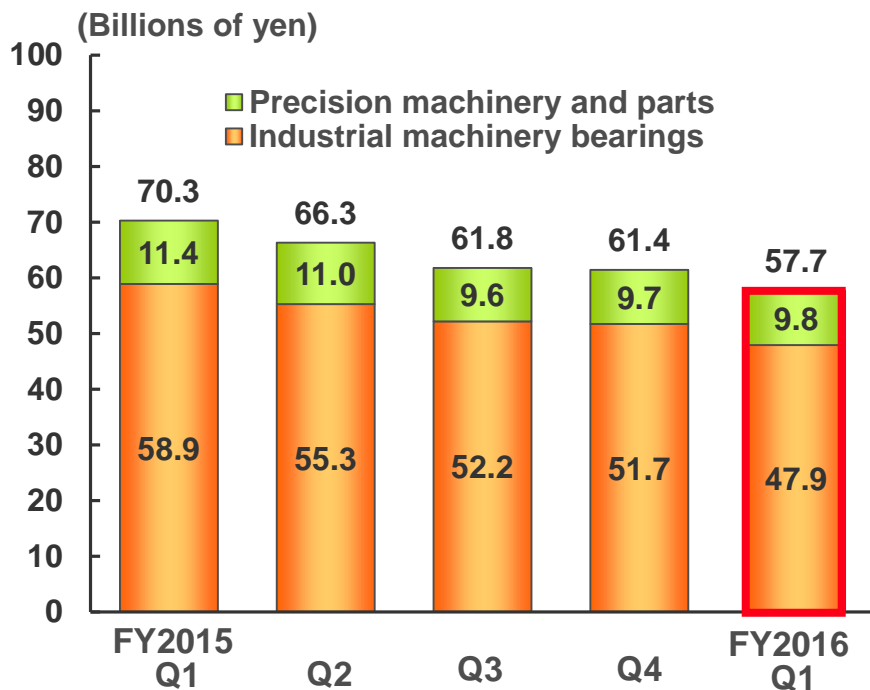
- Q1 net sales totaled ¥167.7 billion, a 3.4% YoY decrease due to appreciation of the yen, despite higher volume in non-Japan markets.
- Despite positive factors such as higher volume and reduction in external procurement costs, Q1 operating income totaled ¥15.4 billion, a 7.9% YoY decrease, due to appreciation of the yen, lower sales prices, and other factors.

Sales & O.I. Results by Business Segment

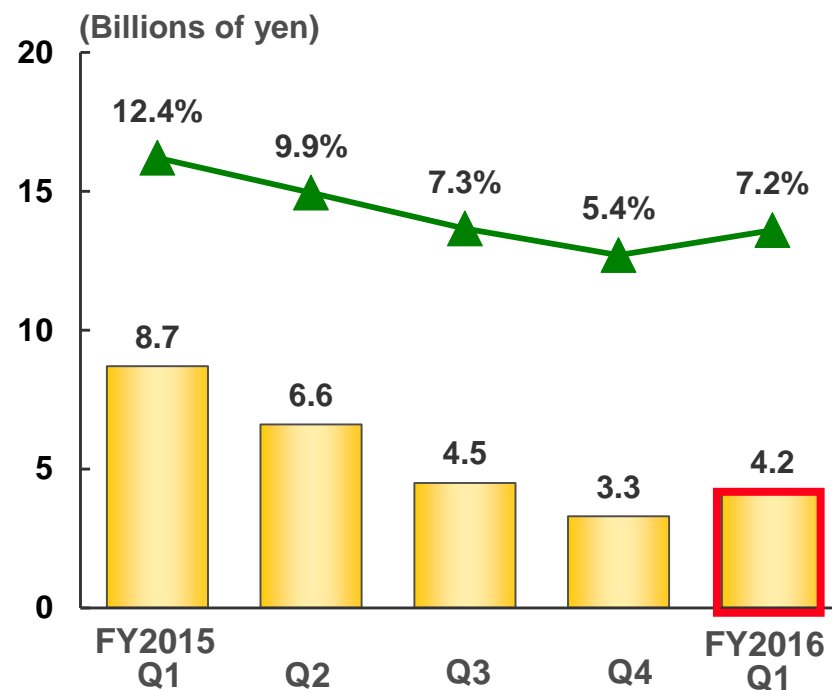
— Industrial Machinery Business —



Net Sales



Operating Income/Margin



FY16 Q1 results compared to FY15 Q1

- Volume decreased due to global economic slowdown, primarily in machine tool, and the appreciation of the yen. Q1 net sales totaled ¥57.7 billion, a 17.9% YoY decrease.
- Q1 operating income totaled ¥4.2 billion, a 52.2% YoY decrease, due to lower volume and the appreciation of the yen.

Sales Results by Customer Location



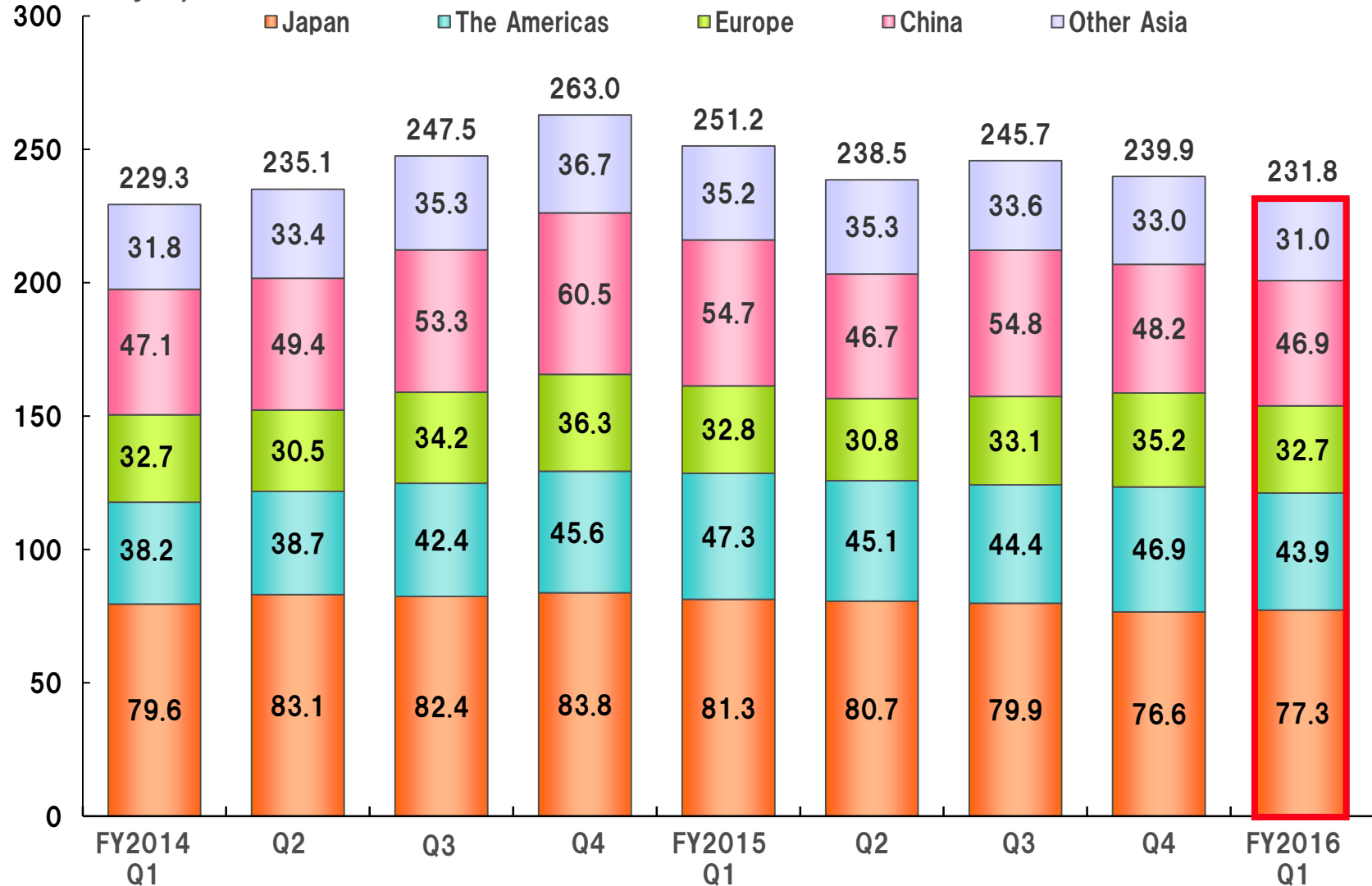
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Net sales	251.2	489.7	975.3	231.8	-19.4	-7.7%	450.0	920.0
Japan	81.3	162.0	318.4	77.3	-4.0	-4.9%	157.0	319.5
Non-Japan	169.9	327.8	656.9	154.5	-15.4	-9.1%	293.0	600.5
<Non-Japan ratio>	<67.6%>	<66.9%>	<67.4%>	<66.6%>			<65.1%>	<65.3%>
The Americas	47.3	92.3	183.7	43.9	-3.4	-7.2%	78.5	157.5
Europe	32.8	63.6	131.8	32.7	-0.1	-0.3%	58.0	121.5
China	54.7	101.4	204.4	46.9	-7.8	-14.2%	94.5	194.0
Other Asia	35.2	70.5	137.0	31.0	-4.2	-11.8%	62.0	127.5

Sales Results by Customer Location



Net sales by customer location - quarterly performance

(Billions of yen)

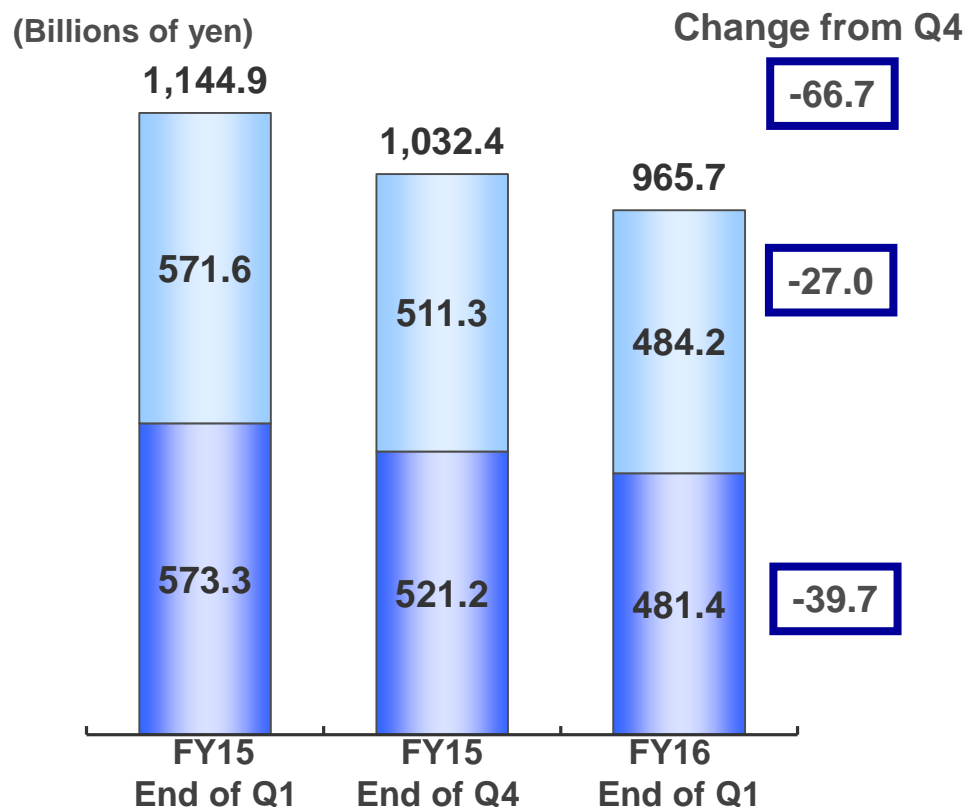


Consolidated Balance Sheet



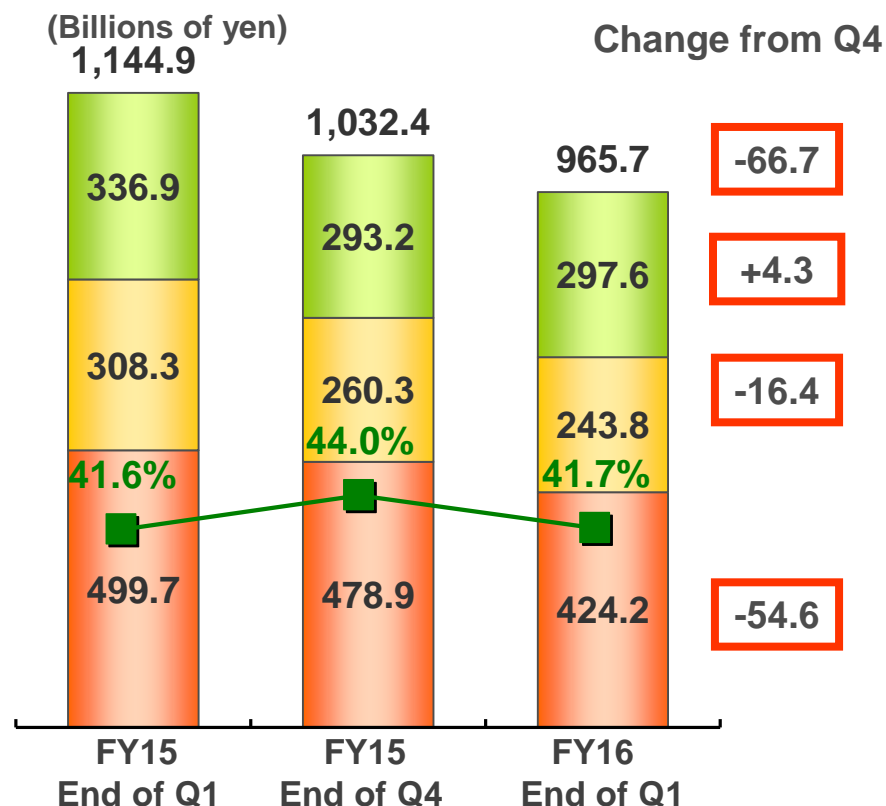
Assets

■ Non-current assets ■ Current assets



Liabilities / Total equity

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



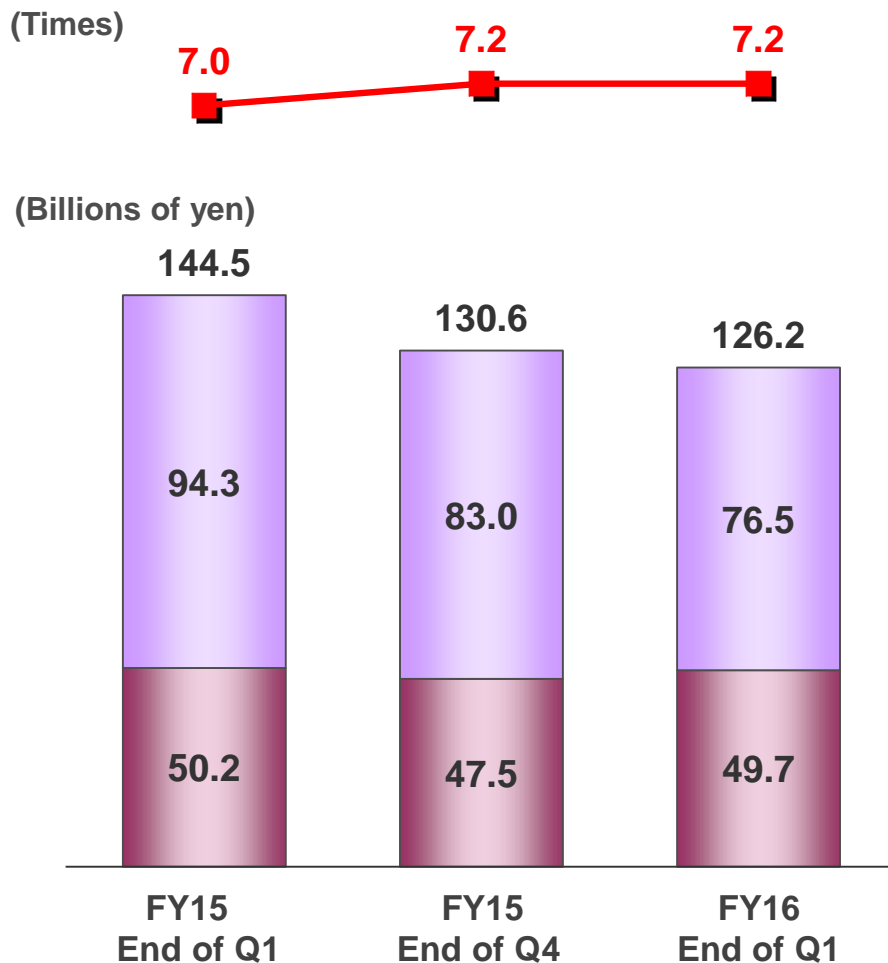
Ex. Rate	FY15 End of Q1	FY15 End of Q4	FY16 End of Q1
1USD=	122.45	112.68	102.96
1Euro=	137.23	127.70	114.36
1RMB=	19.73	17.39	15.46

Inventories / Interest-bearing Debt



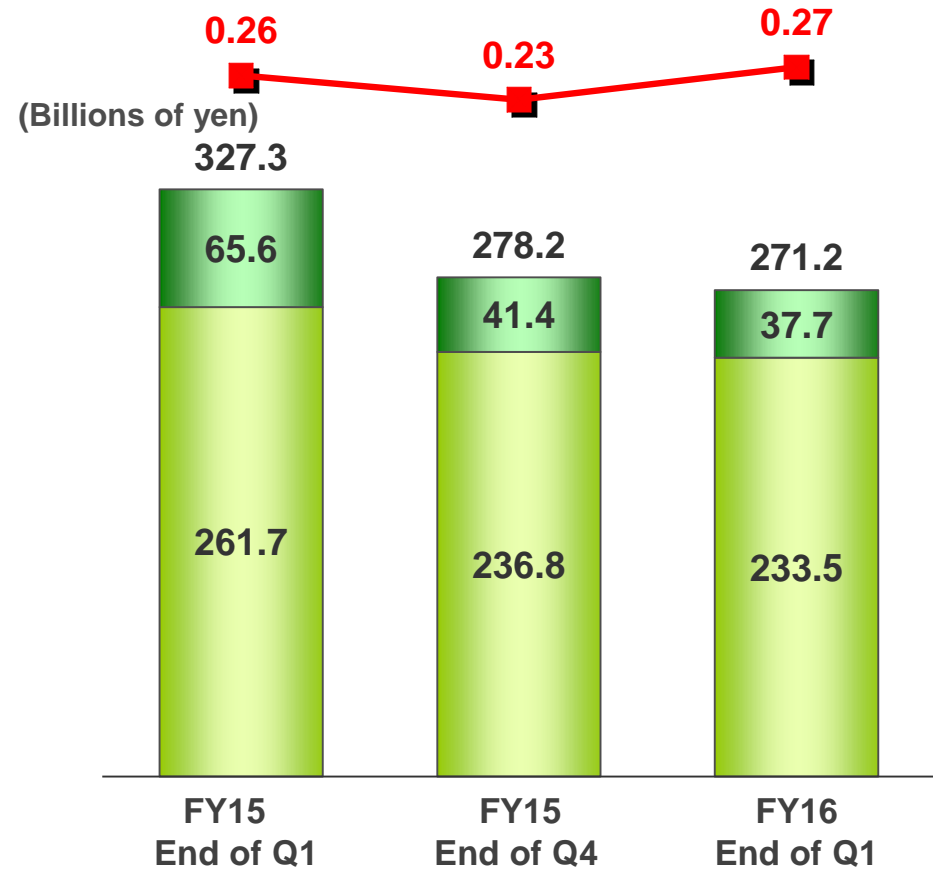
Inventories

Japan Non-Japan Inventory turnover



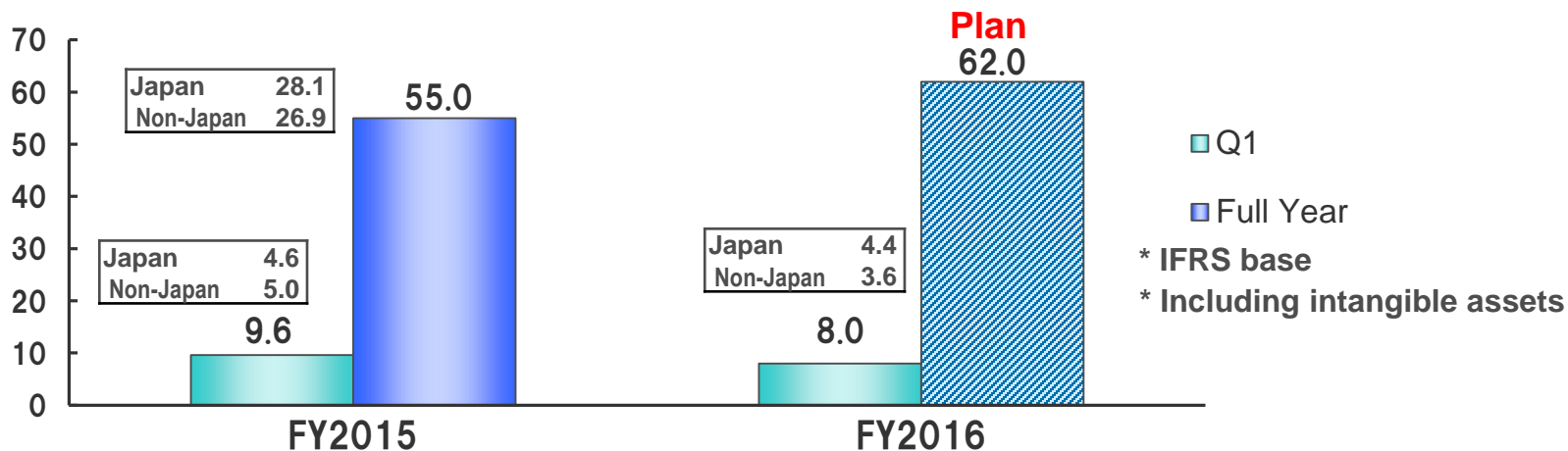
Interest-bearing debt

Japan Non-Japan Net D/E ratio



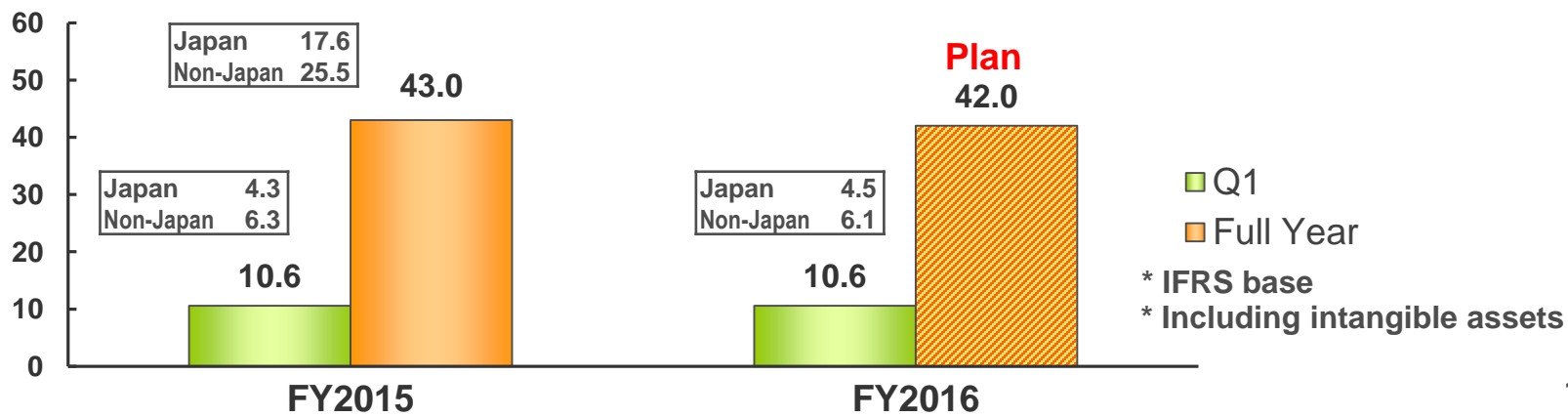
Capital Expenditure

(Billions of yen)



Depreciation

(Billions of yen)



(Supplementary Information) R&D Expenses / Number of Employees



(Billions of yen)	FY2015				FY2016	
	Q1	Q2	Q3	Q4	Q1	Full year (Plan)
R&D expenses	2.6	2.9	2.7	3.0	2.8	13.0

(Headcount)	FY2015				FY2016
	Q1	Q2	Q3	Q4	Q1
Total:	31,467	31,162	31,491	31,587	31,701
Japan	11,092	11,065	11,303	11,291	11,503
The Americas	3,291	3,263	3,253	3,229	3,183
Europe	3,565	3,559	3,543	3,531	3,528
Asia	13,519	13,275	13,392	13,536	13,487