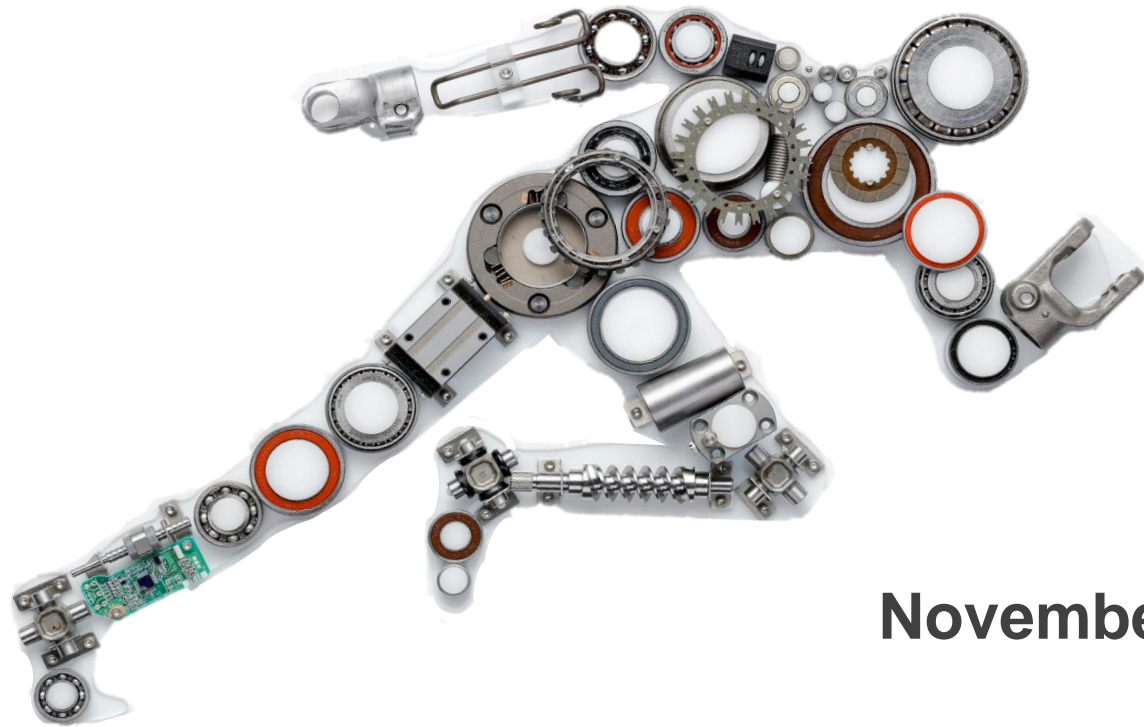




FINANCIAL CONFERENCE

CONSOLIDATED BUSINESS RESULTS FOR Q2 FY2020



November 6, 2020
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

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- 1. Consolidated Business Results
for the Six Months Ended September 30, 2020**
- 2. Consolidated Business Forecast
for the Year Ending March 31, 2021**
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(Supplementary Information)**

1. Consolidated Business Results for the Six Months Ended September 30, 2020

1H Overview

✓ Consolidated Business Results for FY2020: 1H (Apr.-Sep.)

(From FY2019: 1H)

Sales :	¥ 315.9 billion	(-¥ 118.9 billion / -27.4%)
Operating Income :	-¥ 10.6 billion	(-¥ 26.4 billion / -)
(%)		(-3.4%)
Net Income Attributable to Owners of the Parent :	-¥ 12.3 billion	(-¥ 24.1 billion / -)

1H Highlights

- ✓ Economic activities stagnated due to the spread of COVID-19. Hit bottom in Q1 and gradually recovered in Q2. (Sales YOY Q1 -42% → Q2 -12%)
- ✓ Continued to curb fixed costs to minimize decrease in profits.
- ✓ Operating income in Q2 showed a surplus due in part to an one-off factor. (Q1 - ¥ 12.9billion → Q2 + ¥2.3 billion)
- ✓ Interim dividend ¥10/per share

Summary of Consolidated Business Results for the Six Months Ended September 30, 2020

(Billions of yen)	FY2019	FY2020		1 st half <Actual>	Increase/ Decrease YOY	Difference YOY
	1 st half <Actual>	Q1 <Actual>	Q2 <Actual>			
Sales	434.8	128.9	187.0	315.9	-118.9	-27.4%
Operating income	15.8	-12.9	2.3	-10.6	-26.4	—
<%>	<3.6%>	<-10.0%>	<1.2%>	<-3.4%>		
Income before income taxes	15.6	-12.5	1.9	-10.7	-26.2	—
Net income attributable to owners of the parent	11.8	-9.7	-2.6	-12.3	-24.1	—
(Ex. rate: 1USD=)	108.63	107.62	106.22	106.92	-1.71	-1.6%
(" 1EUR=)	121.41	118.47	124.11	121.29	-0.12	-0.1%
(" 1CNY=)	15.68	15.17	15.35	15.26	-0.42	-2.7%

Ref. Segment income: Income after returning other operating income and expenses (foreign exchange gains and losses, etc.) to operating income

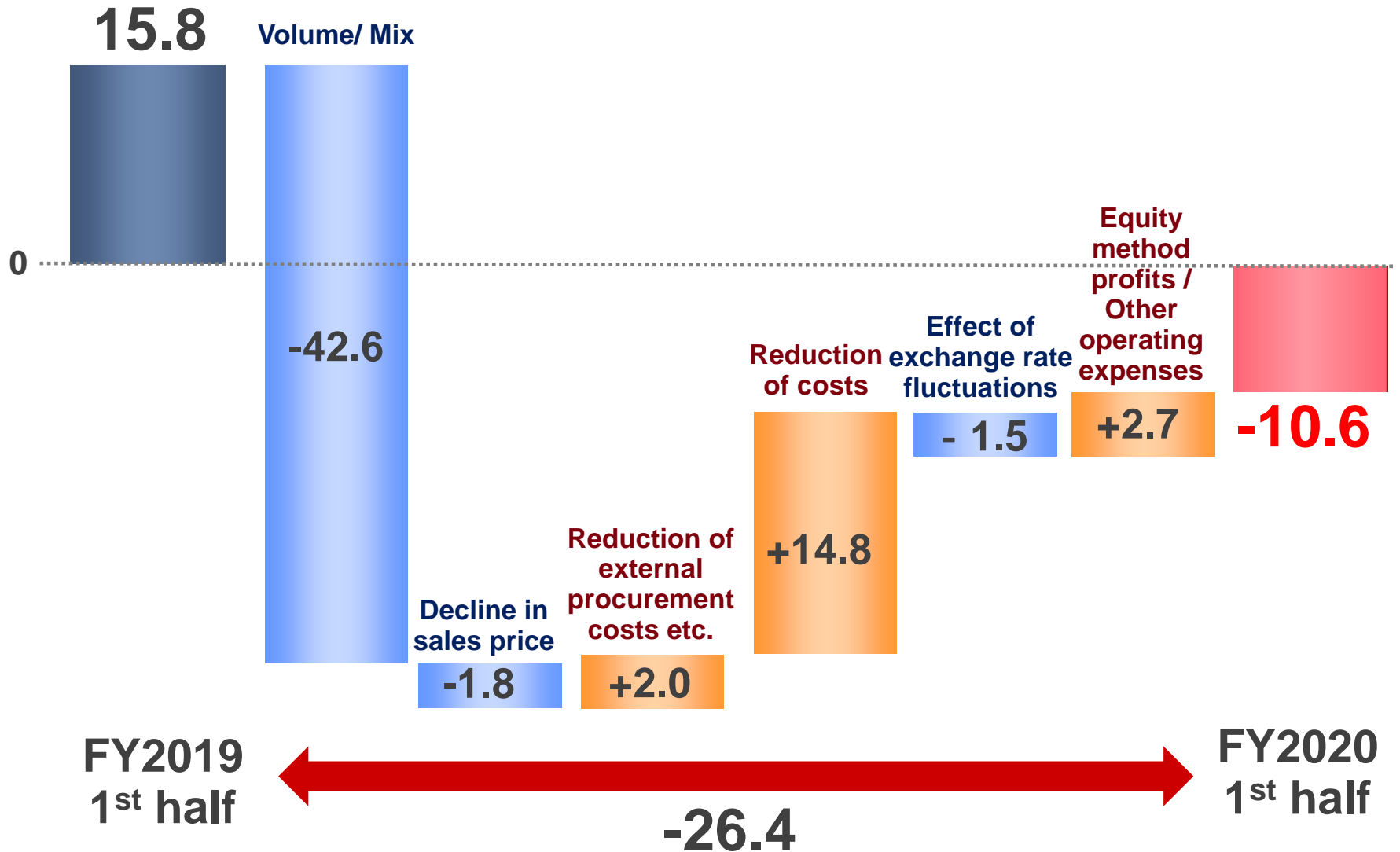
Segment Income	16.7	-12.5	-0.4	-13.0	-29.7	—
<%>	<3.8%>	<-9.7%>	<-0.2%>	<-4.1%>		

Major Indexes

ROE	4.5%	—
Net D/E ratio (times)	0.28	0.31
Inventory turnover (times)	5.5	4.2

Operating Income: Factors Behind Change (FY2019 1st half ⇒ FY2020 1st half)

(Billions of yen)

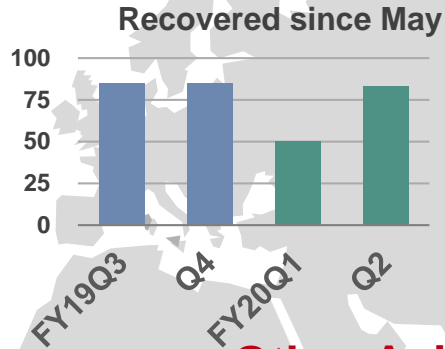


1H Demand Trends by Region

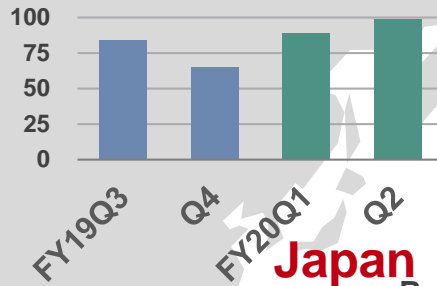
- ✓ By region: China reached the same level as last year in Q2.
Other regions recovered steadily
- ✓ Industrial machinery business : Demand YOY Q1 -17% → Q2 -8%
- ✓ Automotive business : Global production volume YOY Q1 -43% → Q2 -5%

Index trend when the same period of the previous year is regarded as 100.

Europe

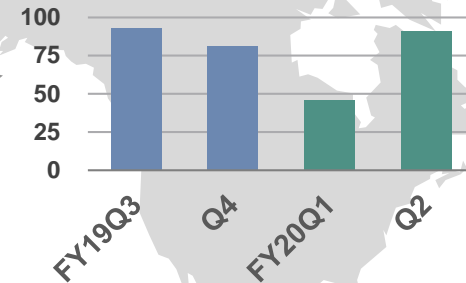


China Recovered smoothly



The Americas

Recovered since May

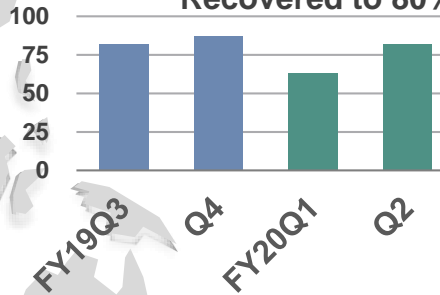


Other Asia

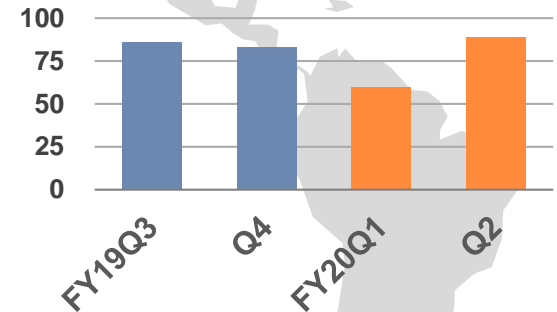


Japan

Recovered to 80% in Q2



Global



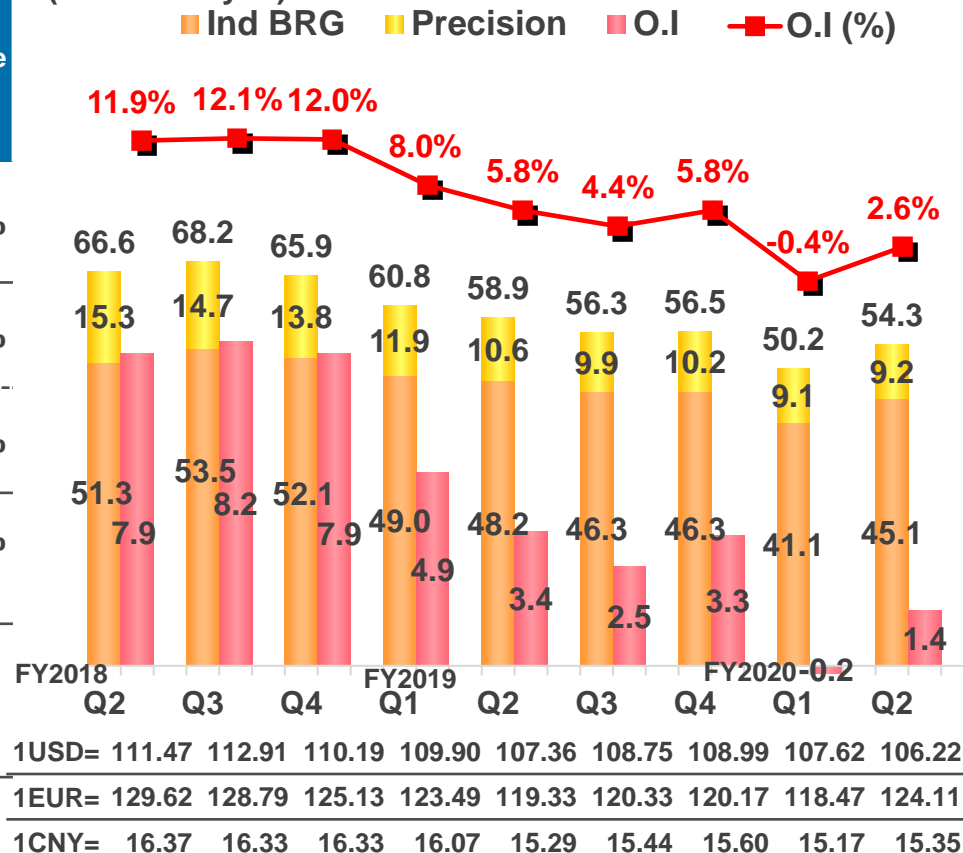
- ASEAN : Recovered since June
- India : Returned to normal operations from Q2
- Korea : Gradually recovered

- Steadily moved toward a recovery trend with the same level as the last year
- Thorough implementation of safety measures against COVID-19 to continue NSK's global operations

Business Results: Industrial Machinery Business

(Billions of yen)	FY2019 1st half <Actual>	FY2020 1st half <Actual>	Increase/ Decrease YOY	Difference YOY
Sales	119.7	104.5	-15.1	-12.6%
Industrial Machinery Bearings	97.2	86.2	-10.9	-11.3%
Precision Machinery and Parts	22.5	18.3	-4.2	-18.7%
Operating income	8.3 <6.9%>	1.2 <1.2%>	-7.1	-85.3%
(Ex. rate: 1USD=)	108.63	106.92	-1.71	-1.6%
(" 1EUR=)	121.41	121.29	-0.12	-0.1%
(" 1CNY=)	15.68	15.26	-0.42	-2.7%

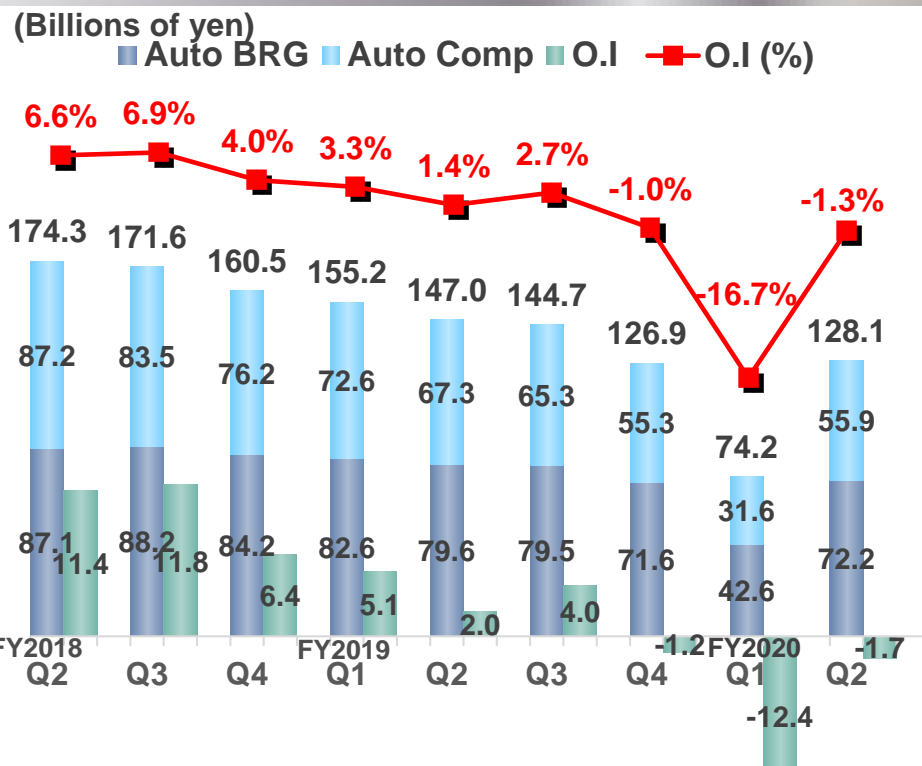
(Billions of yen)



- ✓ Sales YOY 1H : ¥ 104.5 billion -13% (Q1 -17%, Q2 -8%)
- ✓ Machine tools: Sluggish capital expenditure continued.
Wind power, Railcars: Remained robust in China.
- ✓ Japan : Delay in the recovery.
Non-Japan : China increased from the last year, Other regions recovered gradually.

Business Results: Automotive Business

(Billions of yen)	FY2019 1st half <Actual>	FY2020 1st half <Actual>	Increase/ Decrease YOY	Difference YOY
Sales	302.2	202.3	-99.9	-33.1%
Automotive Bearings	162.2	114.8	-47.4	-29.2%
Automotive Components	139.9	87.5	-52.5	-37.5%
Operating income	7.1 <2.3%>	-14.1 <-7.0%>	-21.2	—
(Ex. rate: 1USD=)	108.63	106.92	-1.71	-1.6%
(" 1EUR=)	121.41	121.29	-0.12	-0.1%
(" 1CNY=)	15.68	15.26	-0.42	-2.7%



1USD=	111.47	112.91	110.19	109.90	107.36	108.75	108.99	107.62	106.22
1EUR=	129.62	128.79	125.13	123.49	119.33	120.33	120.17	118.47	124.11
1CNY=	16.37	16.33	16.33	16.07	15.29	15.44	15.60	15.17	15.35

- ✓ Global automotive production volume 1H YOY: -25% (Q1 -43%, Q2 -5%)
China +9%, Other regions -36%
- ✓ Sales 1H YOY: ¥202.3 billion -33% (Q1 -52%, Q2 -13%)
Automotive bearings :Q1 -48%, Q2 -9%,
Automotive components: Q1 -56%, Q2 -17%

2. Consolidated Business Forecast for the Year Ending March 31, 2021

Summary of Consolidated Business Forecast for the Year Ending March 31, 2021

No revision has been made to the full year forecast for FY 2020 announced on August 4th, 2020

- ✓ Hit bottom in Q1. Demand mainly from automobile market is gradually recovering now.
- ✓ Demand forecast was almost as expected. Profits in 2nd half will cover deficit in 1st half. We aim to generate an operating profit for the full year.
- ✓ The risks of an expanded and prolonged impact of COVID-19 as well as intensification of tensions between the US and China continue.
- ✓ 2nd half divided forecast is ¥10 /per share (Full year ¥20 /per share)

(Billions of yen)	FY2019	Full year <FCST>	FY2020	
	Full year <Actual>		Increase/ Decrease YOY	Difference YOY
Sales	831.0	720.0	-111.0	-13.4%
Operating income <%>	23.6 <2.8%>	1.0 <0.1%>	-22.6	-95.8%
Income before income taxes	24.1	0.5	-23.6	-97.9%
Net income attributable to owners of the parent	17.4	0.0	-17.4	-100.0%
(Ex. rate: 1USD=)	108.75	107.26	-1.49	-1.4%
(" 1EUR=)	120.83	119.90	-0.93	-0.8%
(" 1CNY=)	15.60	15.23	-0.37	-2.4%

Assumptions of Demand Forecast

✓ Global Vehicle Production (Sources: IHS Automotive, NSK's estimation)

Annual production volume (millions)

Quarterly Trend <Index when the same period of the previous year is regarded as 100>

	FY19 (Act)	FY20	
		(Fcst)	YOY
Volume Forecast on Aug. 4th IHS forecast as of July + NSK's estimation	83.7	72.5	87%
Ref.) October IHS's forecast	83.7	73.8	88%

FY19 (Act)		FY20 (Forecast)			
Q3	Q4	Q1 (Act)	Q2 (Fcst)	Q3	Q4
95	80	55	85	95	115

Actual					
55	95	95	110		

✓ Industrial Machinery: Demand trend by sector

		FY19 Actual		FY20 Forecast	
		1H vs. FY18 2H	2H vs. FY19 1H	1H vs. FY19 2H	2H vs. FY20 1H
Capital goods	Machine Tools	↓↓	↓↓↓	↓↓↓	↑
	Semiconductors	↓↓	↑↑	↑	↑↑
	Robotics	↓↓	↓	↓	→
Infrastructure	Wind Turbines	→	↑↑	→	→
	Railcars	↑	↑↑	→	→
Consumer goods	Home Appliances	→	↓	↑	→
Aftermarket		↓	↓	↓↓	↑

↑ Increase, → Unchanged, ↓ Decrease

Expected to recover as announced on Aug. 4th

- ✓ Capital goods :
Machine tools → Demand for EMS increase in China
Semiconductors → Investment is expected to resume in 2nd half
- ✓ Infrastructure :
Wind Turbines → Move toward recovery trends in Europe, in addition to China.
- ✓ Consumer goods : Remain strong in Japan and China
- ✓ AM : Orders recently increased despite remaining uncertain

(Source : NSK's estimation)

Summary of Consolidated Business Forecast for the Year Ending March 31, 2021

(Billions of yen)	FY2019	FY2020				
	Full year <Actual>	1 st half <Actual>	2 nd half <FCST>	Full year <FCST>	Increase/ Decrease YOY	Difference YOY
Sales	831.0	315.9	404.1	720.0	-111.0	-13.4%
Operating income <%>	23.6 <2.8%>	-10.6 <-3.4%>	11.6 <2.9%>	1.0 <0.1%>	-22.6	-95.8%
Income before income taxes	24.1	-10.7	11.2	0.5	-23.6	-97.9%
Net income attributable to owners of the parent	17.4	-12.3	12.3	0.0	-17.4	-100.0%
(Ex. rate: 1USD=)	108.75	106.92	107.60	107.26	-1.49	-1.4%
(" 1EUR=)	120.83	121.29	118.50	119.90	-0.93	-0.8%
(" 1CNY=)	15.60	15.26	15.20	15.23	-0.37	-2.4%
Segment income	25.6	-13.0	15.5	2.5	-23.1	-90.2%
<%>	<3.1%>	<-4.1%>	<3.8%>	<0.3%>		

Segment Income : Operating income before deduction of other operating expenses

Forecast by Business Segment

Industrial Machinery Business

(Billions of yen)		FY2019	FY2020				
		Full year <Actual>	1 st half <Actual>	2 nd half <FCST>	Full year <FCST>	Difference HOH	Full year Difference YOY
Industrial Machinery Business	Sales	232.5	104.5	115.5	220.0	+10.4%	-5.4%
	Industrial Machinery Bearings	189.8	86.2	93.3	179.5	+8.1%	-5.4%
	Precision Machinery and Parts	42.6	18.3	22.2	40.5	+21.3%	-5.0%
	Operating income	14.1	1.2	4.8	6.0	+289.6%	-57.5%
	<%>	<6.1%>	<1.2%>	<4.1%>	<2.7%>		

Automotive Business

(Billions of yen)		FY2019	FY2020				
		Full year <Actual>	1 st half <Actual>	2 nd half <FCST>	Full year <FCST>	Difference HOH	Full year Difference YOY
Automotive Business	Sales	573.8	202.3	278.2	480.5	+37.6%	-16.3%
	Automotive Bearings	313.3	114.8	159.2	274.0	+38.6%	-12.5%
	Automotive Components	260.5	87.5	119.0	206.5	+36.1%	-20.7%
	Operating income	9.8	-14.1	10.6	-3.5	—	—
	<%>	<1.7%>	<-7.0%>	<3.8%>	<-0.7%>		

- **Continue thorough measures to prevent infectious diseases (COVID-19, influenza)**

Secure safety and security of employees and their family, as well as society.

- **Business operation to ensure profit margin for the full year**

- ✓ Industrial Machinery Business : Maximize sales opportunities.
- ✓ Automotive Business : Respond to rapid demand recovery.
- ✓ Curb external outflow cost and labor inputs like temporary and overtime work.
- ✓ Capital Expenditure : Prioritize and select investments for the expansion of production capacity.
- ✓ Inventory : Control risks to the supply chain.

- **Attempt to transform ahead of the post-corona era**

- ✓ Accelerate profitability enhancement.
Reestablish business competitiveness and profitability.
- ✓ Promote “workstyle reform”.
Remote work 50% Change business model.
- ✓ Respond to changes in the business environment.

3. Status of Initiatives by Business Segment

1. Industrial Machinery Business

- Environment changes** ● Non-contact · Remote · Distributed ● Environment
● Automation · smartification ● Advanced medical treatment

Infrastructure-related Sector (Wind power · Railways)

Demand expansion for renewable energy and mass transportation at a pace exceeding the Mid-term targets

- ✓ Supply to respond to growing demand
 - Increase production capacity
- ✓ Respond to changes in usage environment
 - Wind power: upsizing and offshore, high reliability, high efficiency
 - Railways: high quality and high reliability responding to high rotation
- ✓ Improve profitability
 - Expand production systems in China (localization, In-house)

Condition Monitoring

Need to expand condition monitoring due to acceleration of remote society and smartification

- ✓ Establish business model to provide technology services such as condition monitoring, detection of failure or degradation, and remaining useful life diagnosis, as well as solution services.
- ✓ Utilizing our knowledge as a manufacturer of key components such as bearings, ball screws and linear guides to support functions and performance of facilities.

Bearings for Compact Motor

-Expansion of 5G communication infrastructure, DX
-Improvement of energy efficiency
(energy savings, electrification, EVs)



- ✓ Demand expansion for motors in information communications equipment, semiconductor, robot, medical equipment, vehicles, etc.
- ✓ Advanced performance demands for bearings
 - long-life, energy savings, compact, quietness etc.

Digital Marketing Tools

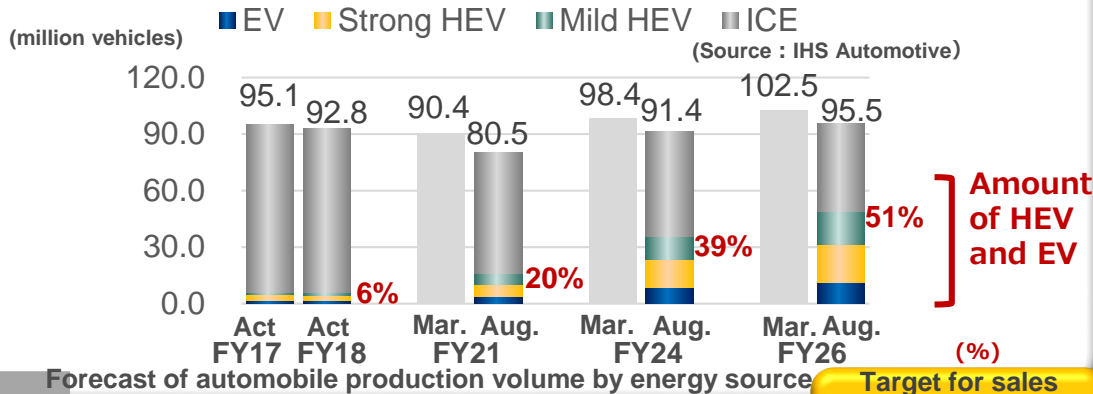
Acceleration of creating infrastructure of digital tools

- ✓ Enhance sales portal site
 - Improve function, usability
- ✓ Prepare to hold online exhibitions and seminars
 - Promotion of NSK's technology and new products
- ✓ Prepare to hold online programs
 - Technical support for specific customers
- ✓ Mobile application services

2. Automotive Business

Strategies for Powertrain / Chassis Products

- Environment changes**
- Sluggish global automobile production volume
 - Acceleration of electrification
 - Alliance of automobile manufactures



Growth strategies

1. Expand customer portfolio
2. Sustain the strategy for growing AT demands (multistep AT, AT + motor)
3. Advanced technology requirements due to electrification
→ Sales expansion through new products

High performance Bearings

Low torque, high rigidity, high speed



Ultra-High-Speed Ball Bearing for EV Motors

HUB Bearings

Low friction, compact, lightweight



Low Friction Hub Unit Bearings

Other than Bearings

Compact, lightweight, shock-free shift changing, less noise, improvement of highest speed/cruising range



Traction Reducer



Non-Contact Torque Sensor

Business Regrowth Strategies for STG & Actuator

Develop products focused on actuation

Regrowth of STG business

- ✓ Respond to advanced technology requirements
 - Low noise, lightweight, high output etc.
- ✓ Promote cooperation strategy with VW Group Components
- ✓ Development of Rack EPS completed
 - New orders are not yet decided.

Ball screws for Brake booster

- ✓ Demand Increase due to mandating that vehicles be equipped with automatic braking systems, and reinforcing standards
- ✓ Establish global production structure
 - Japan, China
- ✓ Ongoing sales expansion activities
 - 2026 target : 10 million units /year
 - High speed responsiveness, compact and lightweight

Establishment of E&E DHQ

Back
ground

Demand for motors is increasing by **IoT, 5G, and electrification needs such as CASE in the automotive market.**

This has resulted in significant demand expansion for bearings.

Target

Grow faster than market growth, expand market share

FY26 Sales Target : **1.5 times** (compared with FY19)

Strategies

Build a flexible structure
Establish Electrical & Electrification Division Headquarters
in October 2020

✓ Promptly develop technologies and products to get a step ahead of market needs

Major applications

- Fan motor (Data center, etc.)
- DC brushless motor (In-vehicle, Home appliance)
- Medical equip. motor (Respirator, dental spindle, etc.)



Required performance

- Energy saving
- High rotation
- Quietness • Rotation control

- In-vehicle motor (Brakes)
- Servo motor (Robot)



- Compact/Lightweight
- Special environment (waterproof and dustproof)

- ✓ Expand our supply capacity through the optimal global production
- ✓ Strengthen quality and cost competitiveness

(Supplementary Information)

1H Financial Results by Business Segment

(Billions of yen)		FY2019	FY2020	Increase/ Decrease YOY	Difference YOY
		1 st half <Actual>	1 st half <Actual>		
Total	Sales	434.8	315.9	-118.9	-27.4%
	Operating income	15.8	-10.6	-26.4	—
	<%>	3.6%	-3.4%		
Industrial Machinery Business	Sales	119.7	104.5	-15.1	-12.6%
	Industrial Machinery Bearings	97.2	86.2	-10.9	-11.3%
	Precision Machinery and Parts	22.5	18.3	-4.2	-18.7%
	Operating income	8.3	1.2	-7.1	-85.3%
	<%>	6.9%	1.2%		
Automotive Business	Sales	302.2	202.3	-99.9	-33.1%
	Automotive Bearings	162.2	114.8	-47.4	-29.2%
	Automotive Components	139.9	87.5	-52.5	-37.5%
	Operating income	7.1	-14.1	-21.2	—
	<%>	2.3%	-7.0%		
Others	Sales	25.5	18.1	-7.4	-29.1%
	Operating income	1.2	-0.2	-1.5	—
	<%>	4.8%	-1.4%		
Eliminations (sales)		-12.5	-9.0	+3.5	—
Other operating expenses / Adjustments		-0.8	2.5	+3.3	—

(Supplementary Information)
1H Sales Results by Region

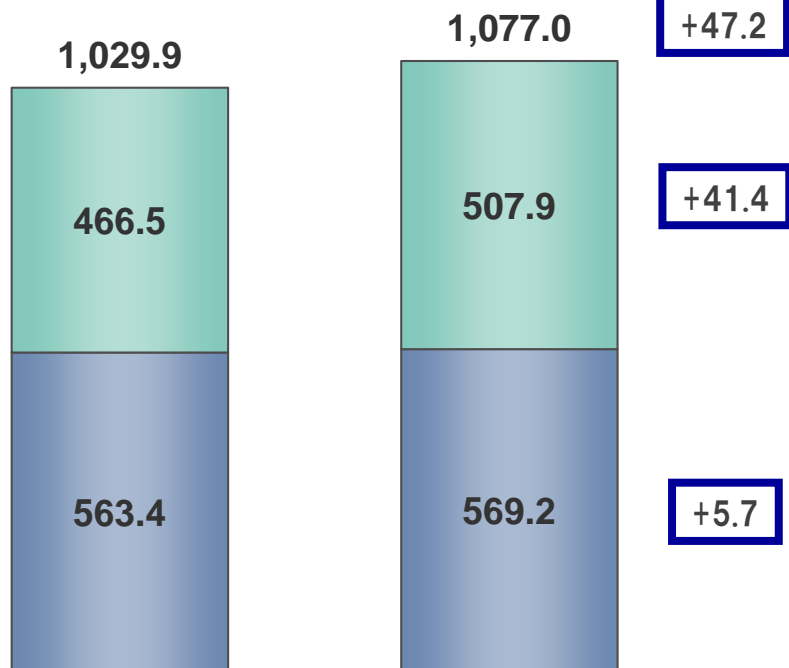
(Billions of yen)	FY2019	1 st half <Actual>	FY2020	Difference YOY
	1st half <Actual>		Increase/ Decrease YOY	
Sales	434.8	315.9	-118.9	-27.4%
Japan	161.7	112.7	-49.1	-30.3%
Non-Japan	273.1	203.2	-69.9	-25.6%
<Non-Japan ratio>	<62.8%>	<64.3%>		
The Americas	74.3	46.7	-27.6	-37.1%
Europe	56.9	38.1	-18.8	-33.1%
China	80.2	79.3	-0.9	-1.2%
Other Asia	61.6	39.1	-22.5	-36.5%
(Ex. rate: 1USD=)	108.63	106.92	-1.71	-1.6%
(" 1EUR=)	121.41	121.29	-0.12	-0.1%
(" 1CNY=)	15.68	15.26	-0.42	-2.7%

(Supplementary Information)
Consolidated Balance Sheet

Assets

■ Non-Current assets ■ Current assets

(Billions of yen)



Change from
Q4 FY19

+47.2

+41.4

+5.7

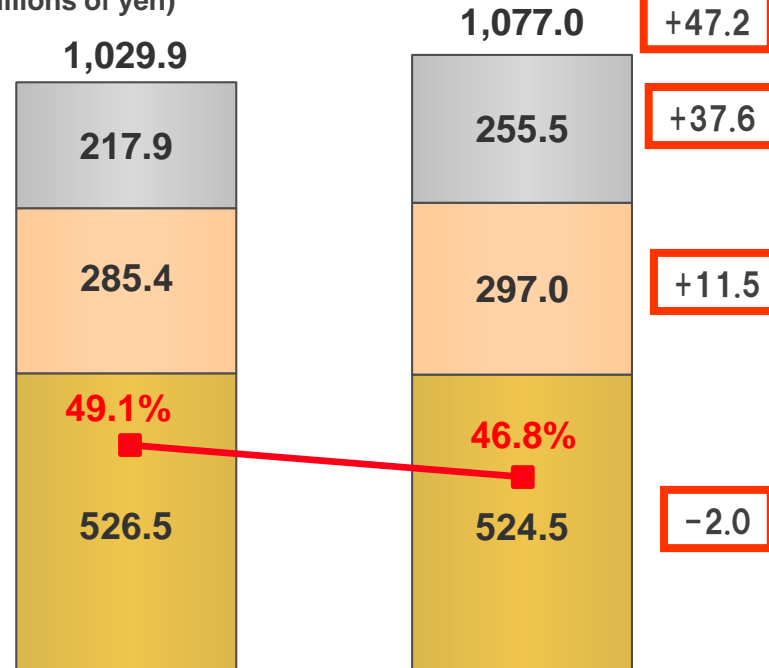
Liabilities / Total equity

■ Total equity ■ Non- Current liabilities

■ Current liabilities

➡ Ratio of equity attributable to owners
of the parent to total assets

(Billions of yen)



Change from
Q4 FY19

+47.2

+37.6

+11.5

-2.0

FY19
End of Q4

FY20
End of Q2

FY19
End of Q4

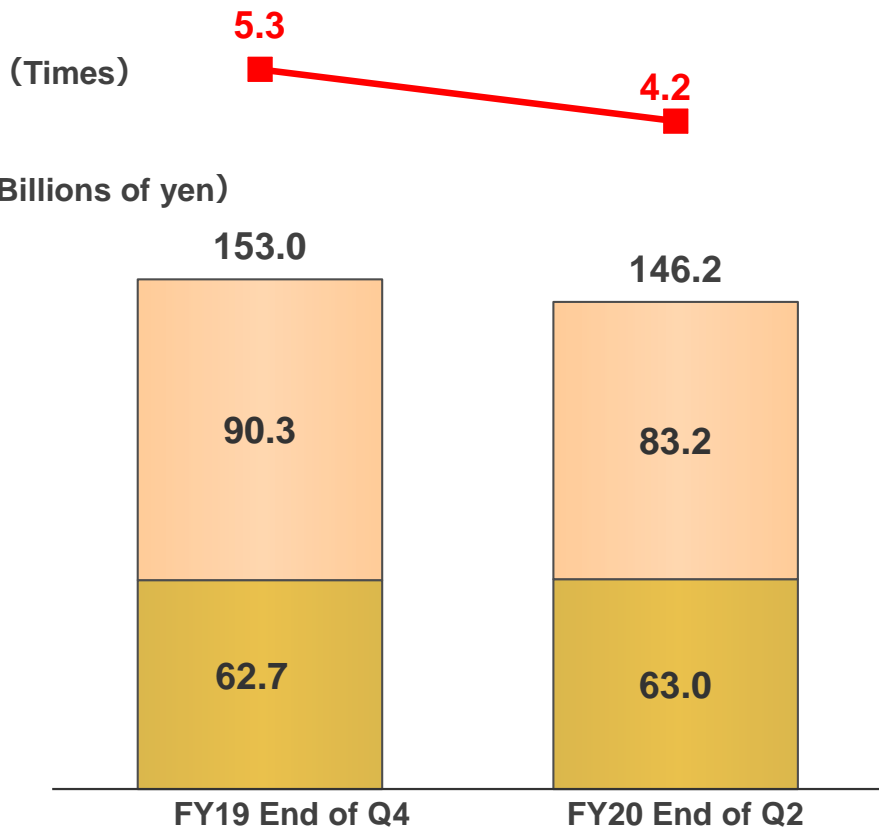
FY20
End of Q2

Ex. Rate	FY19 End of Q4	FY20 End of Q2
1USD =	108.83	105.81
1EUR =	119.65	124.16
1CNY =	15.30	15.54

(Supplementary Information) Inventories / Interest-Bearing Debt

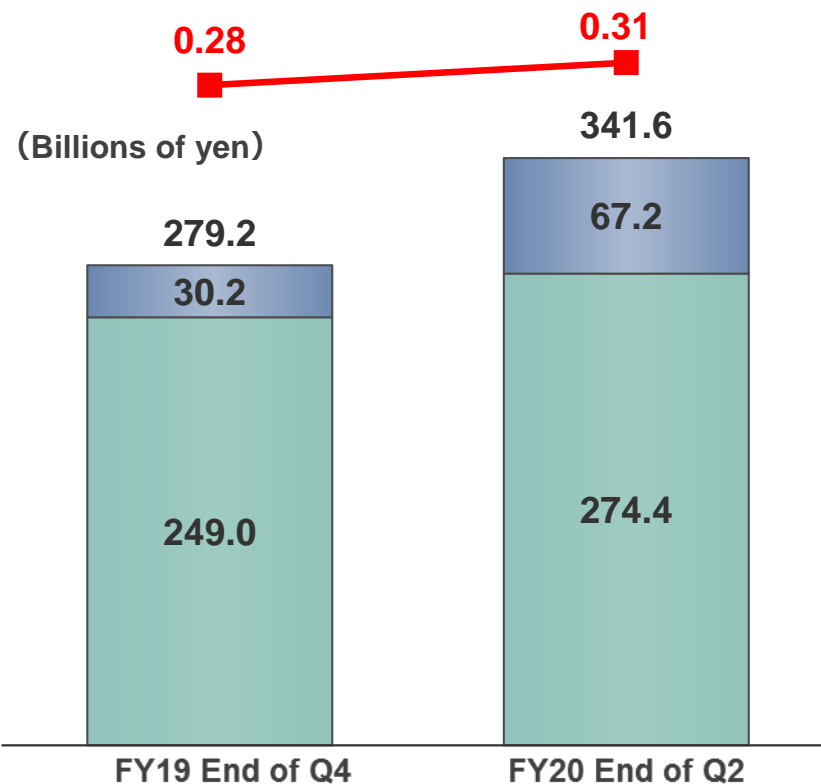
Inventories

Non-Japan Japan Inventory turnover



Interest-bearing debt

Japan Non-Japan Net D/E ratio



Ex. Rate	FY19 End of Q4	FY20 End of Q2
1USD =	108.83	105.81
1EUR =	119.65	124.16
1CNY =	15.30	15.54

(Supplementary Information) Capital Expenditures, Depreciation and Amortisation, R&D Expenses

(Billions of yen)	FY2019					FY2020		
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Full year (Plan)
Capital Expenditures	10.5	11.1	12.1	21.1	54.9	6.4	7.5	40.0
Depreciation and Amortisation	13.4	13.4	13.6	13.5	53.9	13.4	13.6	54.0

(Billions of yen)	FY2019					FY2020		
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Full year (Plan)
R&D Expenses (on a statutory basis)	4.6	4.5	4.6	4.5	18.3	4.0	4.4	17.0
R&D Expenses (on a managerial basis)	7.9	8.0	7.8	7.7	31.4	7.0	7.2	30.0

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