



# **NSK**

## **CONSOLIDATED BUSINESS RESULTS**

**FOR THE FIRST QUARTER  
ENDED JUNE 30 2012**

**July 30, 2012**

**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 FY 2012:Q1



## Business Results for FY2012:Q1

	<u>1Q</u>	<u>From last 1Q</u>
Net Sales	¥ 190.1 billion	( +¥24.0 billion / 14.4% increase )
Operating income	¥ 12.1 billion	( +¥ 2.1 billion / 21.8% increase )
Net Income	¥ 7.0 billion	( +¥1.1 billion / 19.0% increase )

◎ Both sales and operating income increased supported by increased sales in the automotive business, which compensated for lower demand in the industrial machinery business.

✓ Business Environment

◎ Demand in the industrial machinery business decreased due to the European debt crisis and slowing growth in China

◎ Automotive production in Japan maintained a high level thanks to the effect of government subsidies for eco-cars. Overseas automotive production increased steadily except in Europe.

## Expected Business Performance for FY 2012:Q2

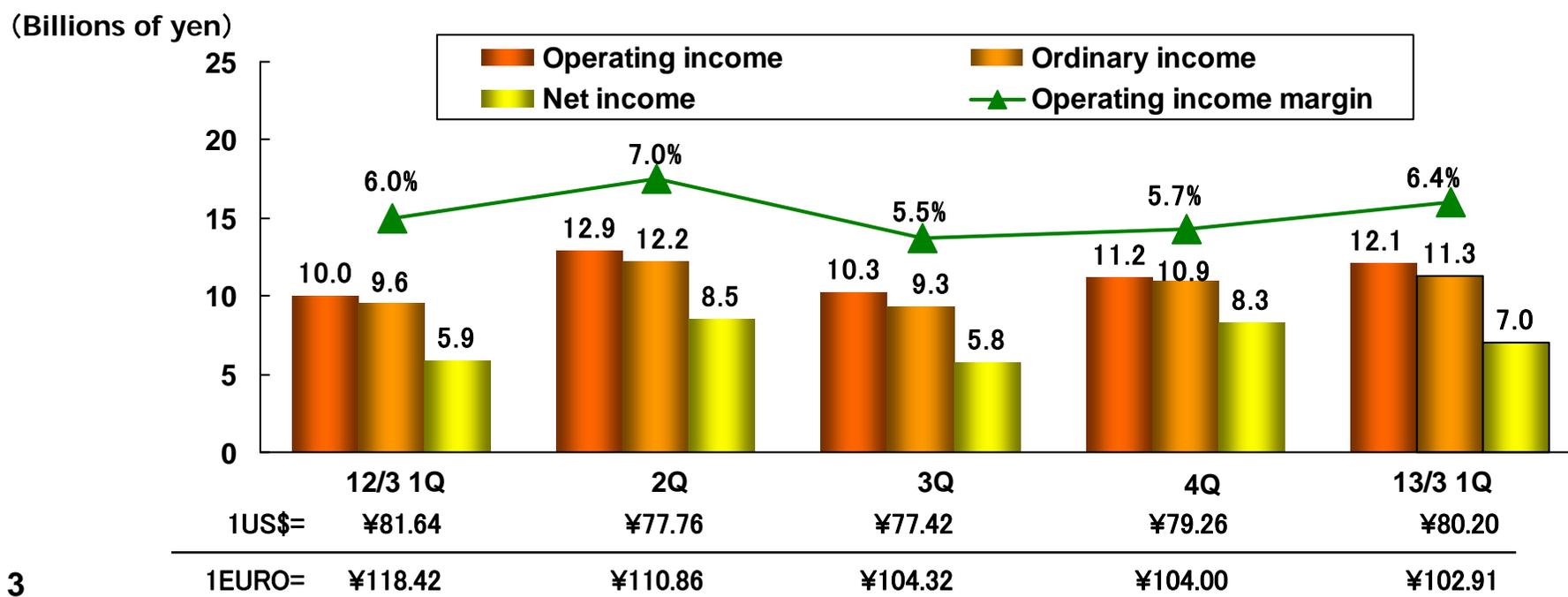
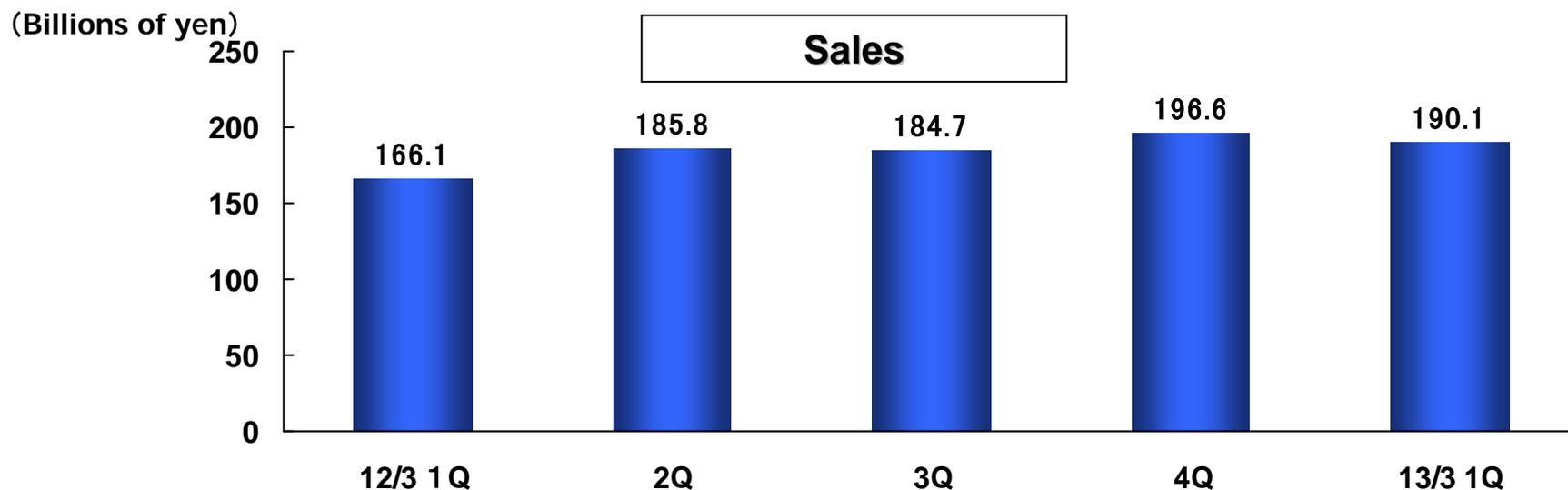
- ✓ Industrial machinery demand is expected to stay in an adjustment phase.
- ✓ Although automotive production in Q2 is expected to maintain Q1 trends, there is possibility of a slowdown in 2H.
- ✓ Implementing sales expansion for industrial machinery business, and reduction of labor costs and other expenses.

# Summary of Consolidated Business Results for FY 2012:1Q



(Billions of yen)	'12/3			'13/3			1st half (Forecast)	Full year (Forecast)
	Q1 <Actual>	1st half <Actual>	Full year <Actual>	Q1 <Actual>	Increase /decrease YOY	%		
<b>Sales</b>	<b>166.1</b>	351.9	<b>733.2</b>	<b>190.1</b>	+24.0	+14.4%	<b>385.0</b>	<b>780.0</b>
<b>Operating income</b>	<b>10.0</b>	22.9	<b>44.4</b>	<b>12.1</b>	+2.1	+21.8%	<b>22.0</b>	<b>50.0</b>
<b>&lt;%&gt;</b>	<b>&lt;6.0%&gt;</b>	<6.5%>	<6.1%>	<b>&lt;6.4%&gt;</b>			<b>&lt;5.7%&gt;</b>	<b>&lt;6.4%&gt;</b>
<b>Ordinary income</b>	<b>9.6</b>	21.8	<b>42.0</b>	<b>11.3</b>	+1.7	+17.7%	<b>20.0</b>	<b>46.0</b>
<b>Profit before tax</b>	<b>9.6</b>	21.8	<b>41.3</b>	<b>10.6</b>	+1.0	+10.8%	<b>20.0</b>	<b>46.0</b>
<b>Net income</b>	<b>5.9</b>	14.4	<b>28.5</b>	<b>7.0</b>	+1.1	+19.0%	<b>12.0</b>	<b>30.0</b>
(Rate: 1US\$=)	(¥81.64)	(¥79.70)	(¥79.02)	(¥80.20)			(¥80)	(¥80)
( " EURO=)	(¥118.42)	(¥114.64)	(¥109.40)	(¥102.91)			(¥105)	(¥105)

# Quarterly Business Performance



# Results by Business Segment

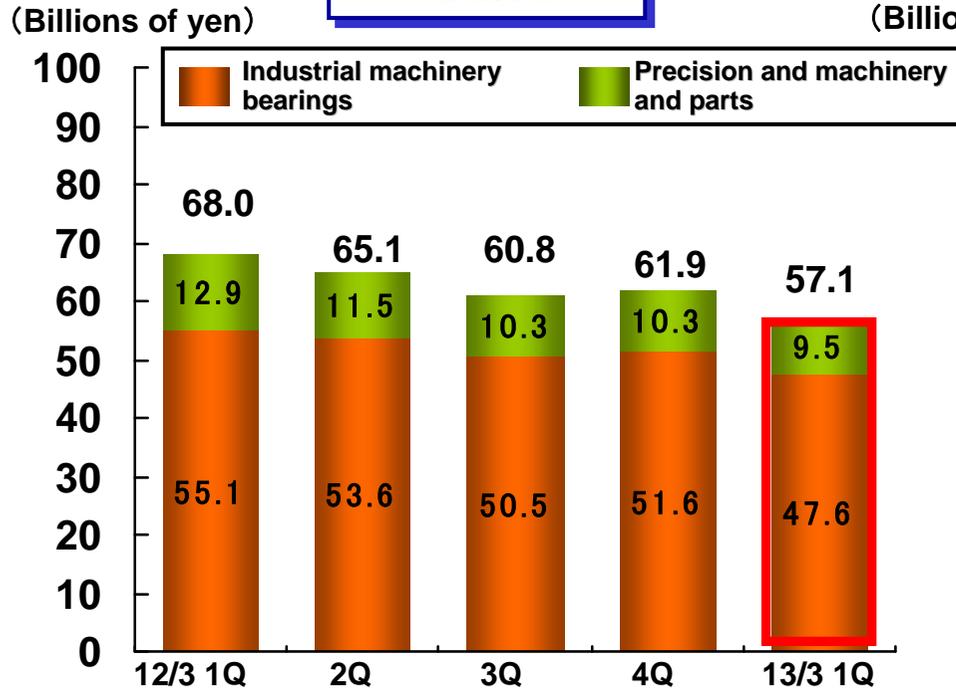


(Billions of yen)		'12/3			'13/3				
		Q1 <Actual>	1st half <Actual>	Full year <Actual>	Q1 <Actual>	Increase/ decrease YOY	%	1st half (Forecast)	Full year (Forecast)
<b>Total</b>	<b>Sales</b>	166.1	351.9	733.2	190.1	+24.0	+14.4%	385.0	780.0
	<b>Operating income</b>	10.0	22.9	44.4	12.1	+2.1	+21.8%	22.0	50.0
	<b>&lt;%&gt;</b>	6.0%	6.5%	6.1%	6.4%			5.7%	6.4%
<b>Industrial machinery business</b>	<b>Sales</b>	68.0	133.1	255.8	57.1	-10.9	-15.9%	125.5	257.0
	<b>Industrial machinery bearings</b>	55.1	108.7	210.8	47.6	-7.5	-13.6%	104.0	212.0
	<b>Precision machinery and parts</b>	12.9	24.4	45.0	9.5	-3.4	-25.8%	21.5	45.0
	<b>Operating income</b>	7.7	15.0	25.7	5.4	-2.3	-29.5%	11.0	26.5
	<b>&lt;%&gt;</b>	11.3%	11.3%	10.0%	9.4%			8.8%	10.3%
<b>Automotive business</b>	<b>Sales</b>	90.2	200.1	444.6	126.2	+36.0	+39.8%	245.0	492.5
	<b>Automotive bearings</b>	47.2	103.3	220.9	61.0	+13.8	+29.0%	119.5	240.0
	<b>Automotive components</b>	43.0	96.8	223.7	65.2	+22.2	+51.6%	125.5	252.5
	<b>Operating income</b>	3.1	9.2	22.6	7.8	+4.7	+155.7%	14.0	29.5
	<b>&lt;%&gt;</b>	3.4%	4.6%	5.1%	6.2%			5.7%	6.0%
<b>Other</b>	<b>Sales</b>	15.1	32.8	61.0	14.3	-0.8	-5.4%	27.5	56.5
	<b>Operating income</b>	0.8	2.0	3.3	0.8	+0	+4.7%	1.5	3.0
	<b>&lt;%&gt;</b>	5.3%	6.2%	5.3%	5.9%			5.5%	5.3%
<b>Eliminations (sales)</b>		-7.2	-14.1	-28.2	-7.5	-0.3		-13.0	-26.0
<b>Eliminations/Corporate</b>		-1.6	-3.3	-7.2	-1.9	-0.3		-4.5	-9.0

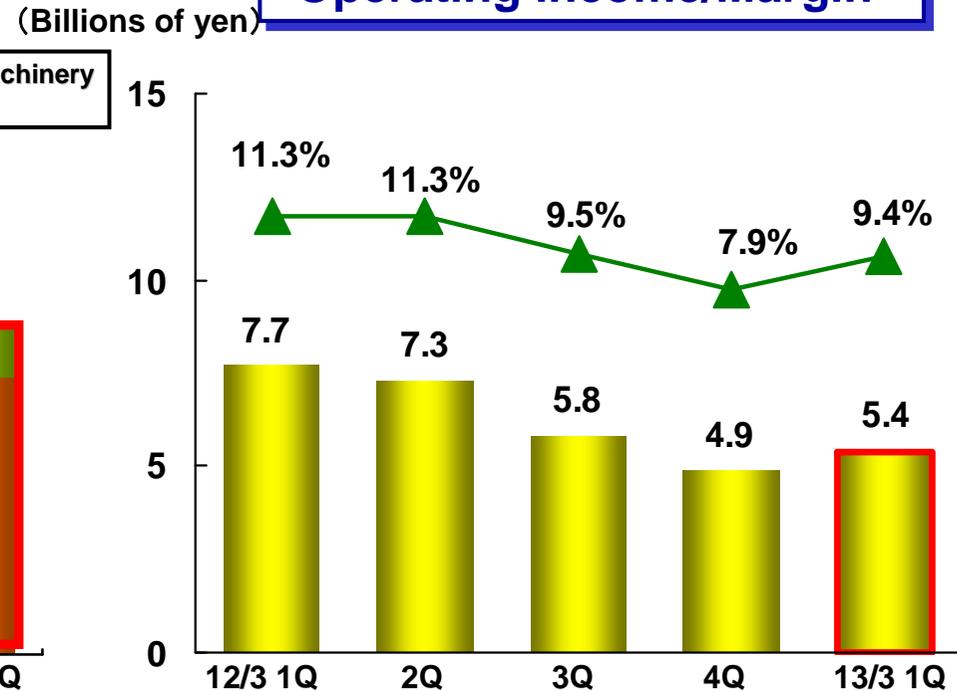
# Results by Business Segment – Industrial Machinery Business



## Sales



## Operating income/Margin



### Compared to 12/3 Q1

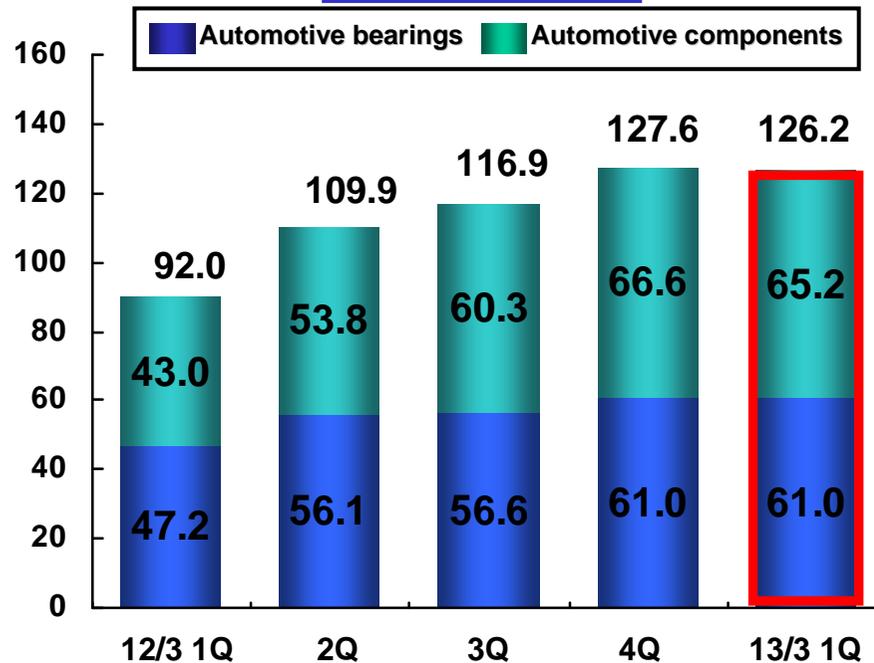
- Q1 Sales in the industrial machinery business segment totaled ¥57.1 billion, a year-on-year decrease of 15.9% due to lower sales in the general machinery, IT/electrical, and aftermarket sectors in each region.
- Despite efforts to reduce external procurement costs and SG&A expenses, Q1 operating income was ¥5.4 billion, a year-on-year decrease of 29.5% due to lower sales volume.

# Results by Business Segment – Automotive Business



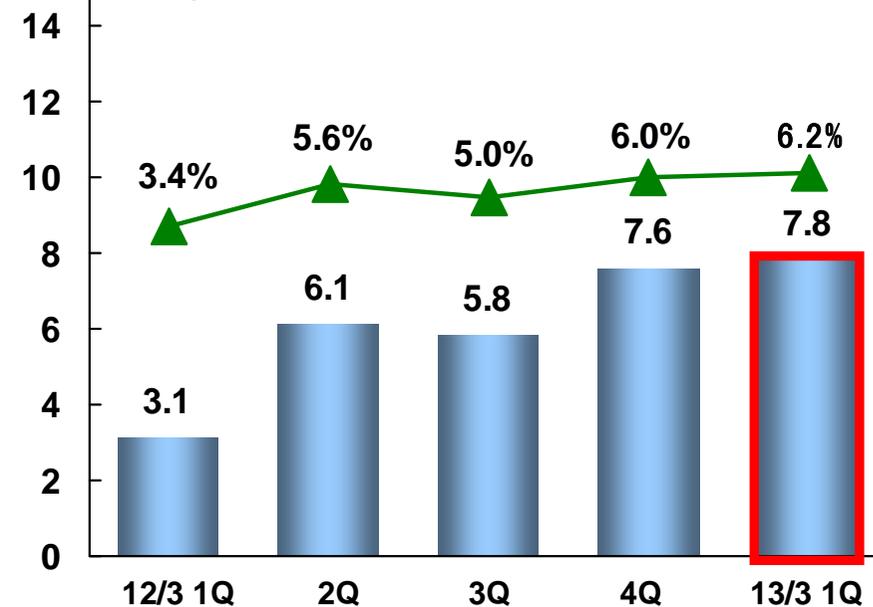
(Billions of yen)

## Sales



## Operating income/Margin

(Billions of yen)



### Compared to 12/3 Q1

- Despite decreased sales in Europe, Q1 Sales of automotive business segment totaled ¥126.2 billion a year-on-year increase of 39.8%, thanks to the effect of government subsidies for eco-cars in Japan as well as higher EPS sales in Japan, the Americas, and Asia.
- Although there was negative impact from the strength of the Japanese yen, operating income was significantly higher at ¥7.8 billion, due to increased sales volume and reduction in external procurement costs.

# Results by Geographical Segment



(Billions of yen)		'12/3			'13/3				
		Q1 <Actual>	1st half <Actual>	Full year <Actual>	Q1 <Actual>	Increase/ decrease YOY	%	1st half (Forecast)	Full year (Forecast)
<b>Total</b>	Sales	166.1	351.9	733.2	190.1	+24.0	+14.4%	385.0	780.0
	Operating income	10.0	22.9	44.4	12.1	+2.1	+21.8%	22.0	50.0
	%	6.0%	6.5%	6.1%	6.4%			5.7%	6.4%
<b>Japan</b>	Sales	121.0	262.7	538.4	133.9	+12.9	+10.7%	271.5	547.0
	Operating income	7.5	17.5	33.6	8.9	+1.4	+18.6%	15.6	34.0
	%	6.2%	6.7%	6.1%	6.6%			5.8%	6.2%
<b>The Americas</b>	Sales	19.4	38.9	86.1	25.7	+6.3	+32.3%	50.3	101.5
	Operating income	0.8	1.8	4.1	0.7	-0.1	-8.4%	2.1	4.5
	%	4.1%	4.6%	4.8%	2.8%			4.2%	4.4%
<b>Europe</b>	Sales	29.7	55.7	109.2	25.7	-4.0	-13.7%	53.5	109.5
	Operating income	1.0	1.6	3.9	0.8	-0.2	-23.2%	1.1	3.5
	%	3.4%	2.8%	3.6%	3.0%			2.1%	3.2%
<b>Asia</b>	Sales	38.3	78.4	162.2	46.7	+8.4	+21.8%	99.0	204.5
	Operating income	2.9	5.8	10.5	3.3	+0.4	+14.6%	7.6	17.0
	%	7.5%	7.4%	6.5%	7.1%			7.7%	8.3%
<b>Eliminations (sales)</b>		-42.3	-83.8	-162.7	-41.9	+0.4		-89.3	-182.5
<b>Eliminations/ Corporate</b>		-2.2	-3.8	-7.7	-1.6	+0.6		-4.4	-9.0

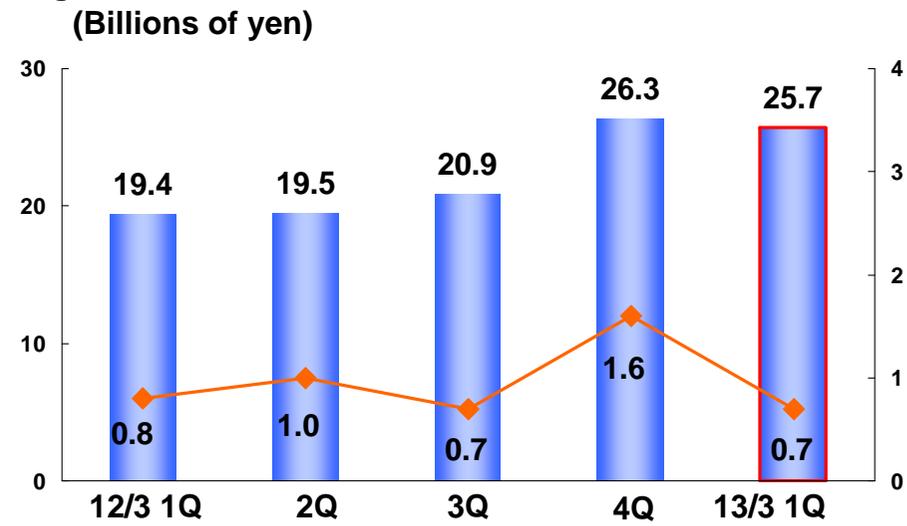
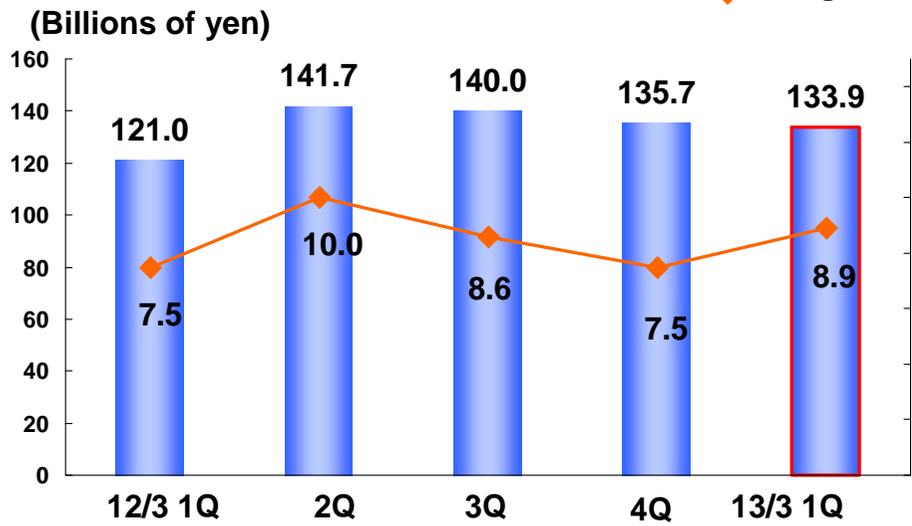
# Results by Geographical Segment



## Japan

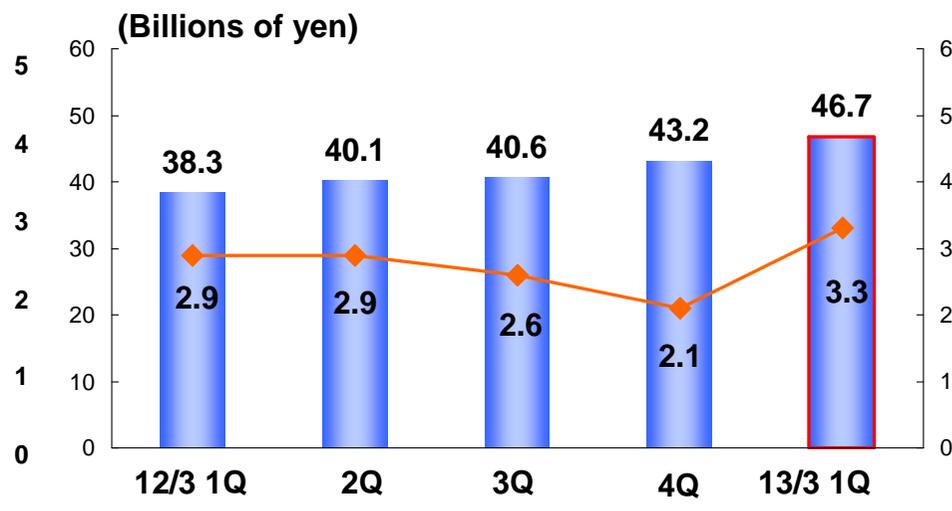
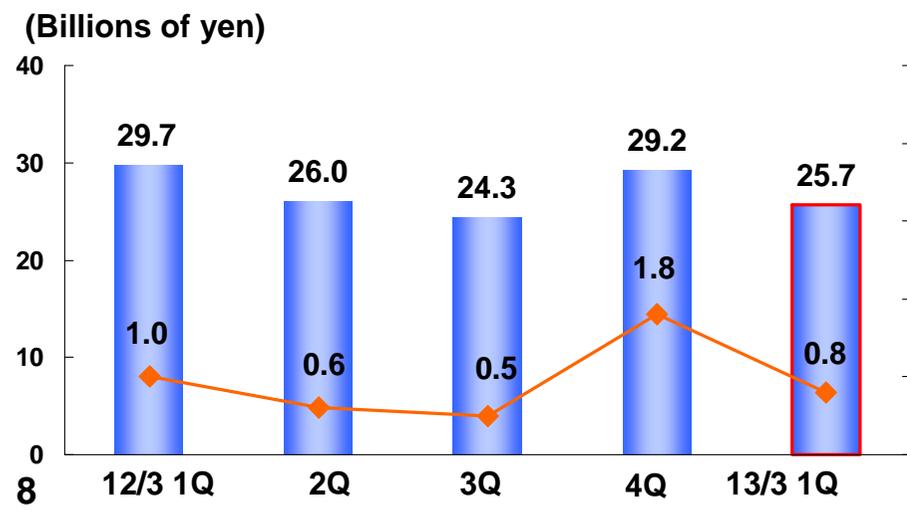
■ Left: Sales  
◆ Right: Operating Income

## The Americas



## Europe

## Asia



# Results by Customer Location



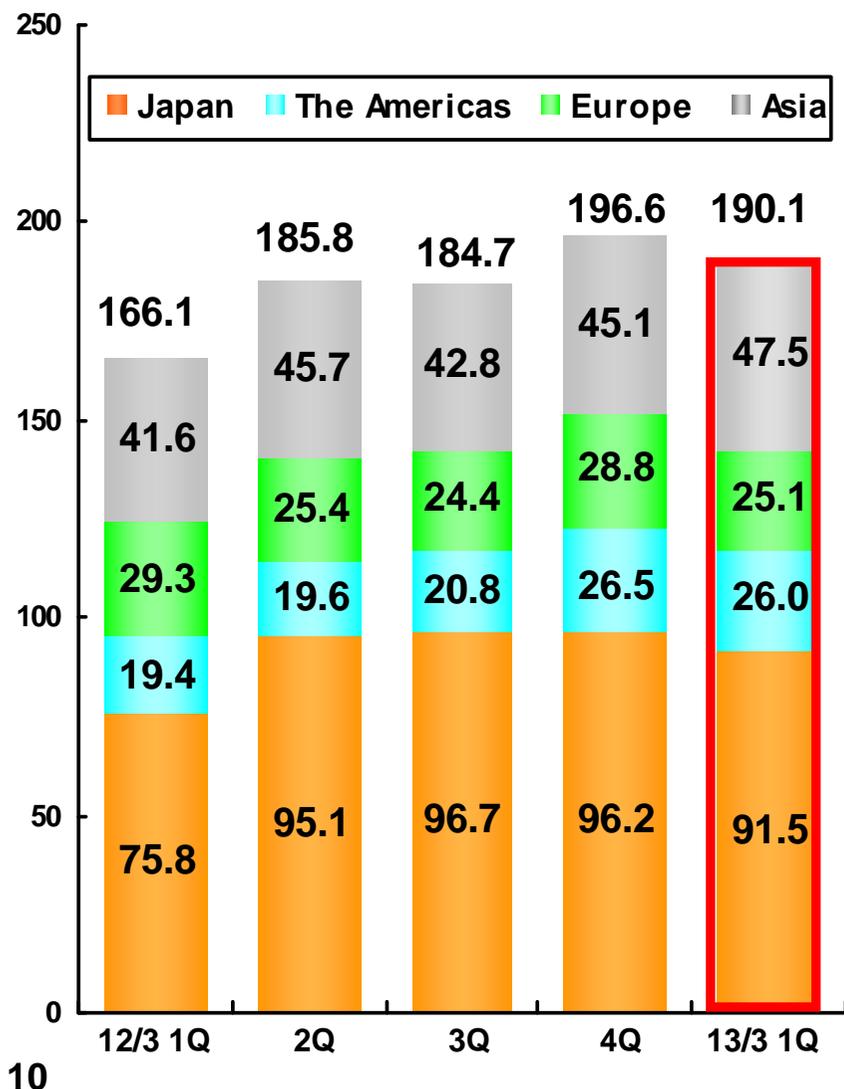
(Billions of yen)	'12/3			'13/3				
	Q1 <Actual>	1st half <Actual>	Full year <Actual>	Q1 <Actual>	Increase/ decrease YOY	%	1st half (Forecast)	Full year (Forecast)
<b>Sales</b>	<b>166.1</b>	<b>351.9</b>	<b>733.2</b>	<b>190.1</b>	<b>+24.0</b>	<b>+14.4%</b>	<b>385.0</b>	<b>780.0</b>
<b>Japan</b>	<b>75.8</b>	<b>170.9</b>	<b>363.8</b>	<b>91.5</b>	<b>+15.7</b>	<b>+20.7%</b>	<b>187.0</b>	<b>376.0</b>
<b>Non-Japan</b>	<b>90.3</b>	<b>181.0</b>	<b>369.4</b>	<b>98.6</b>	<b>+8.3</b>	<b>+9.2%</b>	<b>198.0</b>	<b>404.0</b>
(Ratio of non-Japan sales to consolidated net sales)	<b>(54.3%)</b>	<b>(51.4%)</b>	<b>(50.4%)</b>	<b>(51.9%)</b>			<b>(51.4%)</b>	<b>(51.8%)</b>
<b>The Americas</b>	<b>19.4</b>	<b>39.0</b>	<b>86.3</b>	<b>26.0</b>	<b>+6.6</b>	<b>+33.9%</b>	<b>50.5</b>	<b>101.5</b>
<b>Europe</b>	<b>29.3</b>	<b>54.7</b>	<b>107.9</b>	<b>25.1</b>	<b>-4.2</b>	<b>-14.2%</b>	<b>53.0</b>	<b>108.0</b>
<b>Asia</b>	<b>41.6</b>	<b>87.3</b>	<b>175.2</b>	<b>47.5</b>	<b>+5.9</b>	<b>+14.2%</b>	<b>94.5</b>	<b>194.5</b>
(Asia Ratio)	<b>(25.0%)</b>	<b>(24.8%)</b>	<b>(23.9%)</b>	<b>(25.0%)</b>			<b>(24.5%)</b>	<b>(24.9%)</b>
[ <b>China only</b>	<b>20.8</b>	<b>44.8</b>	<b>89.1</b>	<b>22.8</b>	<b>+2.0</b>	<b>+9.5%</b>	<b>47.5</b>	<b>100.0</b> ]

# Results by Customer Location



## Net sales by customer location Quarterly business performance

(Billions of yen)



(Compared to the same period last year)

**Asia:** Despite industrial machinery demand decrease in China, Q1 sales increased by 5.1% from Q4 supported by automotive demand increase.

**Europe:** Q1 sales decreased by 12.9% from Q4 due to lower demand in the general machinery sector, aftermarket sector and automotive business.

**The Americas:** Although demand in the aftermarket sector in North and Latin America decreased, sales in 1Q decreased only slightly (-1.6%) from Q4 due to higher sales in the automotive business.

**Japan:** Although sales for some sectors such as steel and railways, increased from Q4, sales in Q1 decreased by 4.8% from Q4 due to lower demand in the machine tool sector and for exports.

# Consolidated Balance Sheet

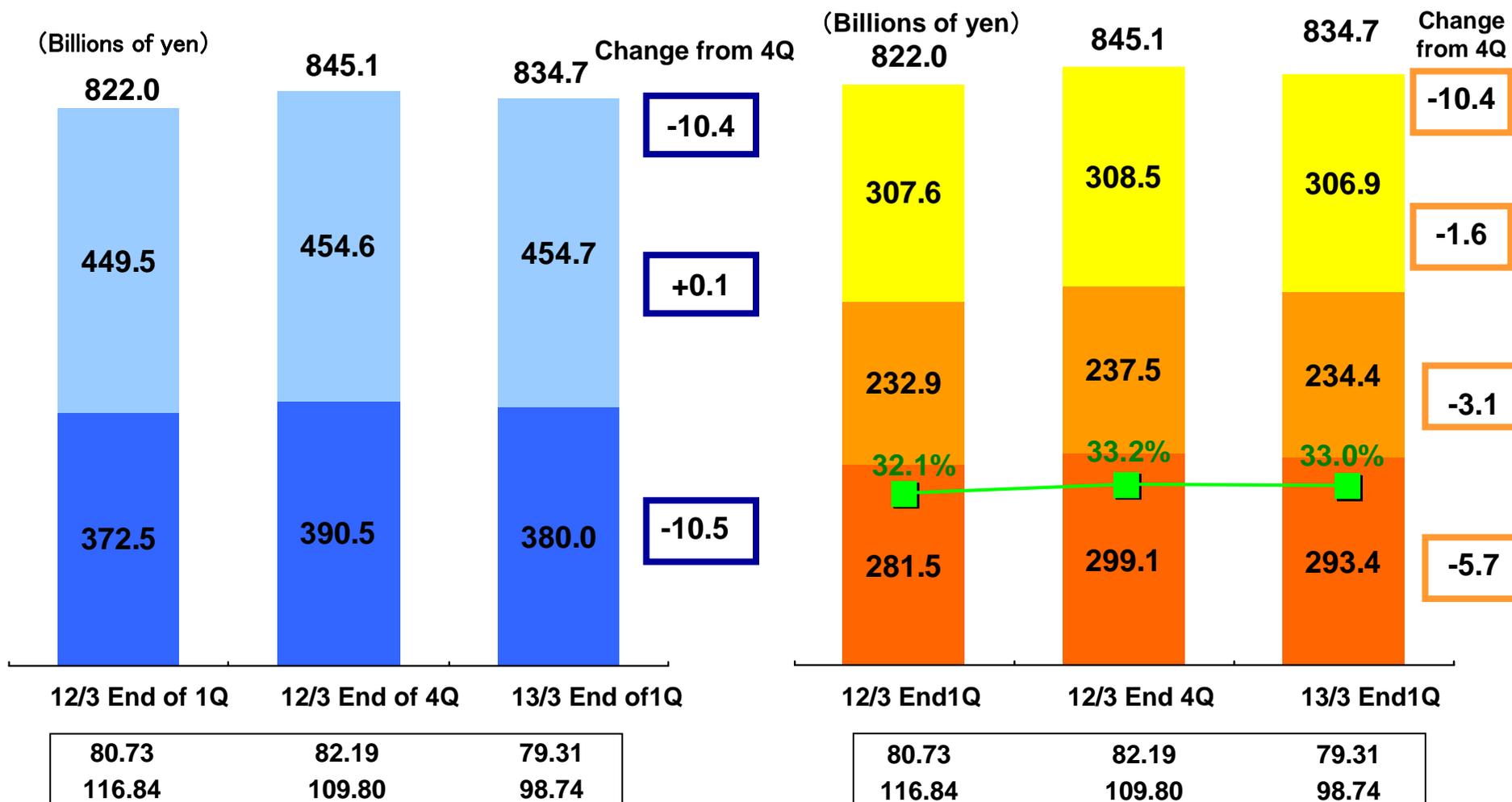


## Assets

## Liabilities and net assets

■ Non-current assets    ■ Current assets

■ Net assets    ■ Non-current liabilities    ■ Current liabilities    ■ Ratio of net worth to total capital



11 Exchange rate: upper=US\$ lower= EURO

Exchange rate: upper=US\$ lower= EURO

# Inventories Interest-bearing Debt



## Inventories

## Interest-bearing debt

■ Japan ■ Non-Japan  
■ Inventory turnover

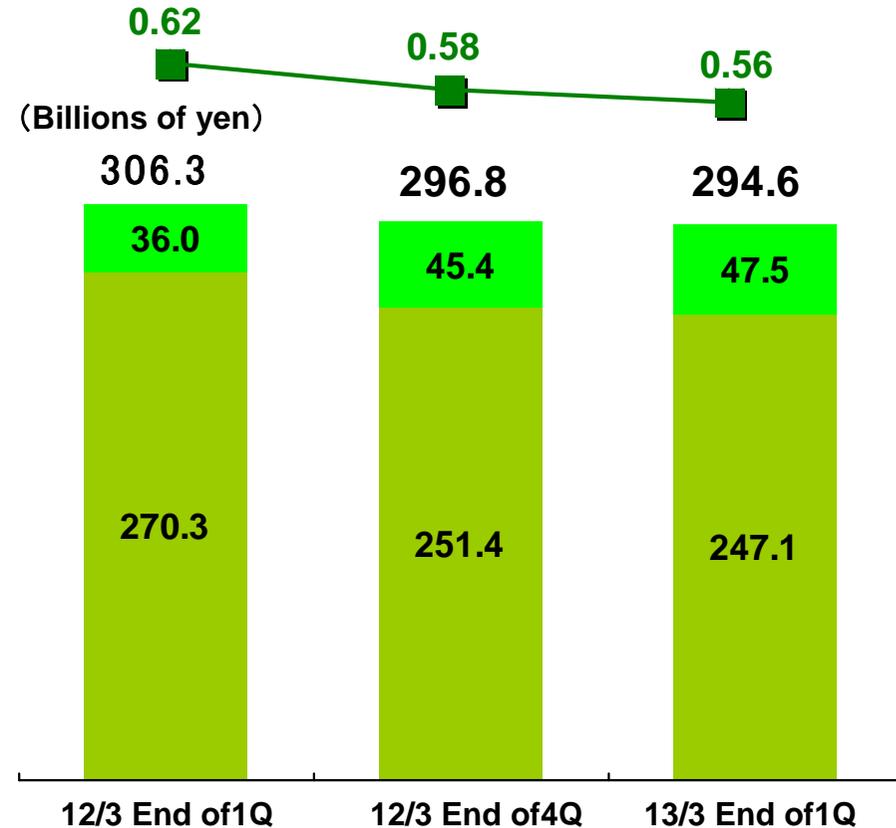
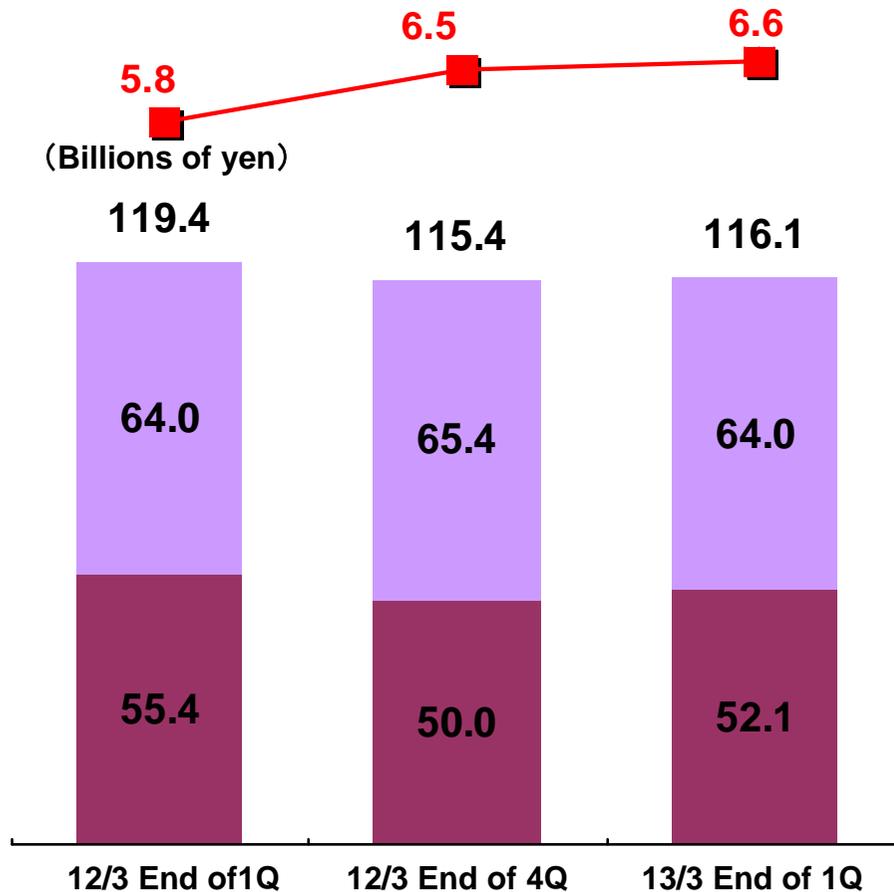
■ Japan ■ Non-Japan ■ Net D/E ratio

(Times)

(Times)

(Billions of yen)

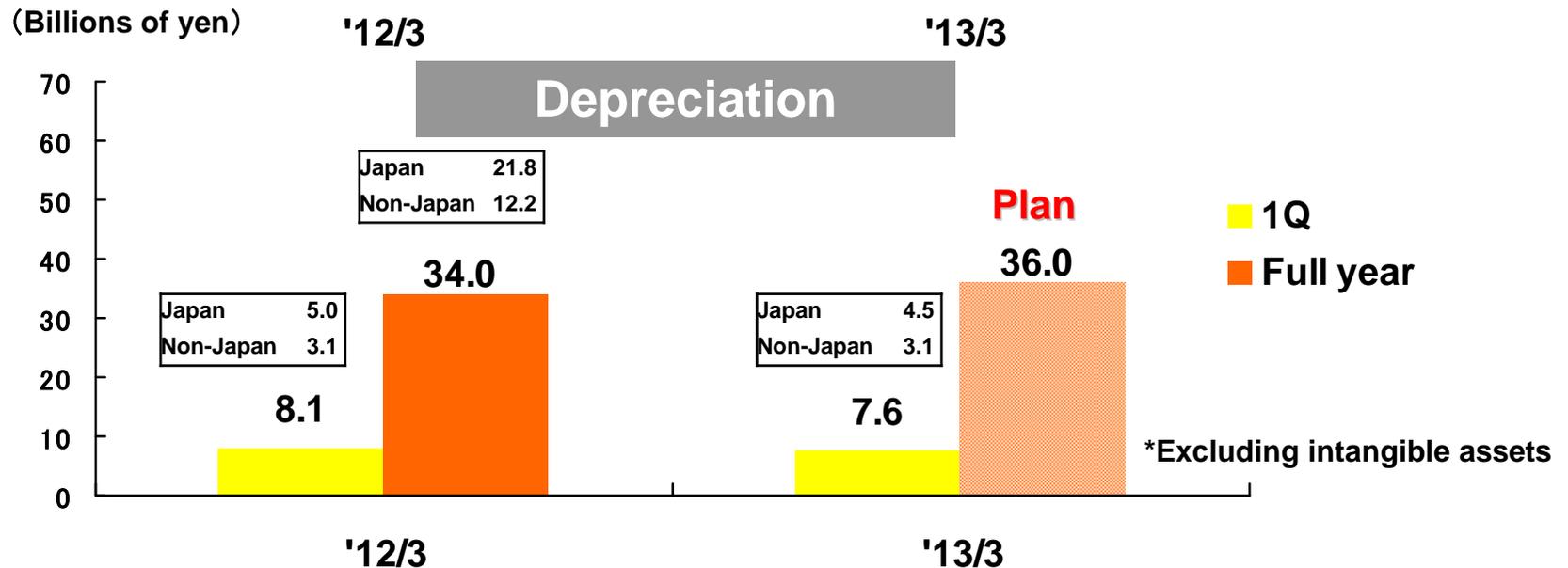
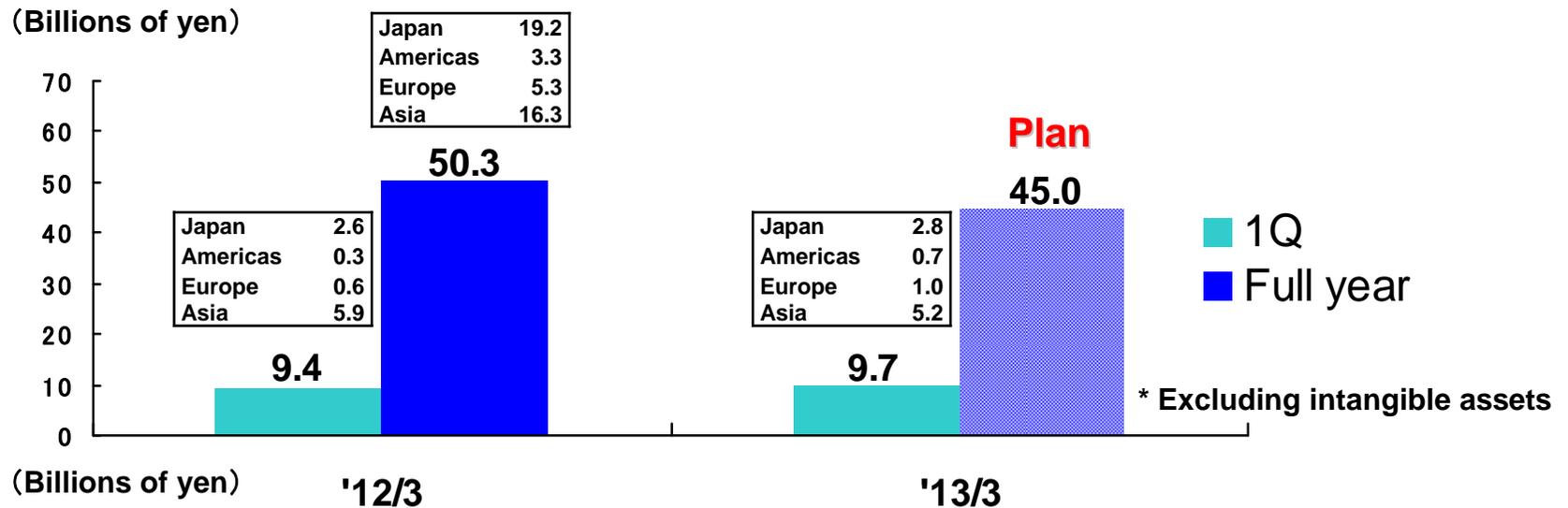
(Billions of yen)



# Capital Expenditure Depreciation



## Capital Expenditure



# Supplementary Information

## —Research & Development Employees



(Billions of yen)	'12/3				'13/3	
	1Q	2Q	3Q	4Q	1Q	Full year (Plan)
<b>Research &amp; Development</b>	2.3	2.7	2.6	2.8	<b>2.6</b>	<b>11.0</b>

(No. of employees)	'12/3				'13/3
	1Q	2Q	3Q	4Q	1Q
<b>Employees</b>	26,568	27,055	27,222	27,444	<b>28,007</b>
<b>Japan</b>	11,432	11,401	11,348	11,263	<b>11,445</b>
<b>The Americas</b>	2,504	2,533	2,550	2,577	<b>2,696</b>
<b>Europe</b>	3,179	3,227	3,257	3,328	<b>3,360</b>
<b>Asia</b>	9,453	9,894	10,067	10,276	<b>10,506</b>

# Supplementary Information

## —Forecasts by Business Segment



(Billions of yen)	'12/3			'13/3			
	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>351.9</b>	<b>381.3</b>	<b>733.2</b>	<b>385.0</b>	<b>395.0</b>	<b>780.0</b>	<b>+46.8</b>
Industrial machinery business	133.1	122.7	255.8	125.5	131.5	257.0	+1.2
Industrial machinery bearings	108.7	102.1	210.8	104.0	108.0	212.0	+1.2
Precision machinery and parts	24.4	20.6	45.0	21.5	23.5	45.0	0
Automotive business	200.1	244.5	444.6	245.0	247.5	492.5	+47.9
Automotive bearings	103.3	117.6	220.9	119.5	120.5	240.0	+19.1
Automotive components	96.8	126.9	223.7	125.5	127.0	252.5	+28.8
Other	32.8	28.2	61.0	27.5	29.0	56.5	-4.5
Eliminations/corporate	-14.1	-14.1	-28.2	-13.0	-13.0	-26.0	+2.2
<b>Operating income</b>	<b>22.9</b> <6.5%>	<b>21.5</b> <5.6%>	<b>44.4</b> <6.1%>	<b>22.0</b> <5.7%>	<b>28.0</b> <7.1%>	<b>50.0</b> <6.4%>	<b>+5.6</b>
Industrial machinery business	15.0 <11.3%>	10.7 <8.7%>	25.7 <10.0%>	11.0 <8.8%>	15.5 <11.8%>	26.5 <10.3%>	+0.8
Automotive business	9.2 <4.6%>	13.4 <5.5%>	22.6 <5.1%>	14.0 <5.7%>	15.5 <6.3%>	29.5 <6.0%>	+6.9
Other	2.0 <6.2%>	1.3 <4.4%>	3.3 <5.3%>	1.5 <5.5%>	1.5 <5.2%>	3.0 <5.3%>	-0.3
Eliminations/ Corporate	-3.3	-3.9	-7.2	-4.5	-4.5	-9.0	-1.8