



NSK

FINANCIAL CONFERENCE

Consolidated Business Results and Forecast

November 1, 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.

- 1. Consolidated Business Results
for the Six Months Ended September 30, 2013**
- 2. Consolidated Business Forecast
for the Year Ending March 31, 2014**
- 3. Progress of New Mid-Term Management Plan
(Supplementary Information)**

1. Consolidated Business Results for the Six Months Ended September 30, 2013

Business Environment

- ✓ **Industrial Machinery Business:**
Electrical → steady demand, Capital goods → gradual recovery
- ✓ **Automotive Business:**
Japan: demand decreased YoY due to ending of government subsidies for eco-cars
Non-Japan: steady demand in the U.S., slowdown in ASEAN,
recovery in Japanese automakers' production in China
- ✓ **Continued correction of the Japanese yen's appreciation**

Summary of Business Results

- ✓ **Sales ¥413.6 billion (YOY +12.0%), Operating income ¥28.8 billion (YOY +56.1%), Ordinary income ¥28.1 billion (YOY +66.0%), Net Income ¥14.7 billion (YOY +24.4%)**
 - YOY results for the 1st half: increase both net sales and operating income
 - Net sales for the 1st half: reached a record
 - Operating income for the 1st half: 7% is a record level after the Lehman crisis
- ✓ **Results by Business Segment**
 - Industrial Machinery Business :
Continued recovery trend in both net sales and operating income since 3Q of FY2012
 - Automotive Business:
Both quarterly and semi-annual net sales and operating income reached record levels

Summary of Consolidated Business Results for the Six Months Ended September 30, 2013



(Billions of yen)	FY2012 1 st half <Actual>	FY2013 1 st half <Actual>	Increase/ Decrease YOY	Difference YOY	FY2013 1 st half <Original forecast>
Net sales	369.4	413.6	+44.2	+12.0%	390.0
Operating income <%>	18.4 <5.0%>	28.8 <7.0%>	+10.4	+56.1%	21.0 <5.4%>
Ordinary income	17.0	28.1	+11.1	+66.0%	19.5
Income before tax	16.1	24.8	+8.7	+53.4%	19.5
Net income	11.9	14.7	+2.8	+24.4%	12.0
(Exchange rate: US1\$=)	(¥79.41)	(¥98.85)			(¥90)
(Exchange rate: 1EURO=)	(¥100.64)	(¥130.00)			(¥120)

【Major indexes】

ROE	8.6%	8.9%			
Net D/E ratio (times)	0.58	0.46			
Inventory turnover (times)	6.4	6.6			

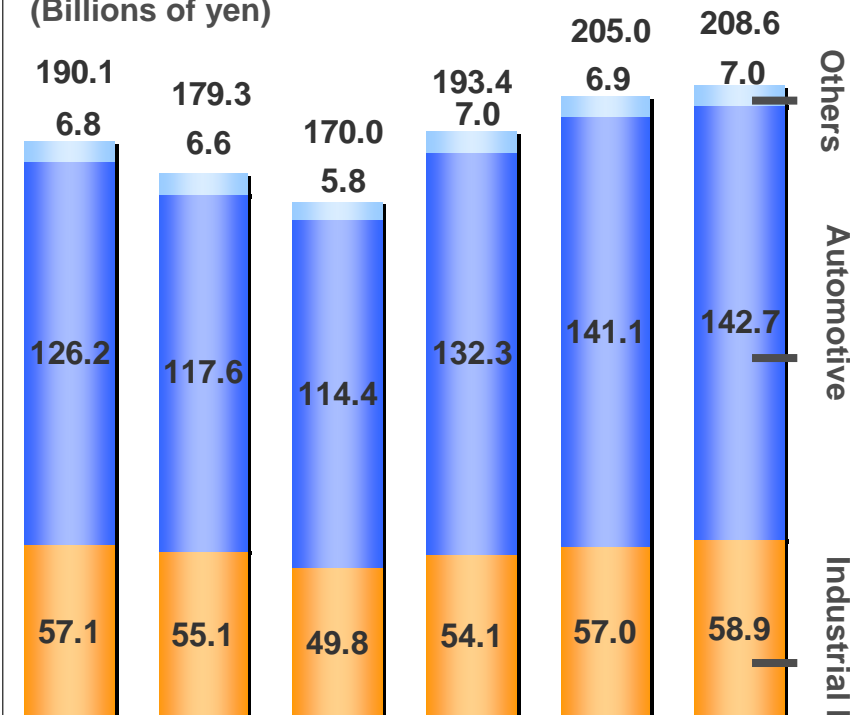
Quarterly Business Performance



Sales

Sales in both the industrial machinery and automotive businesses have continued to increase from the FY2012 3Q bottom.

(Billions of yen)



FY2012 1Q 2Q 3Q 4Q FY2013 1Q 2Q

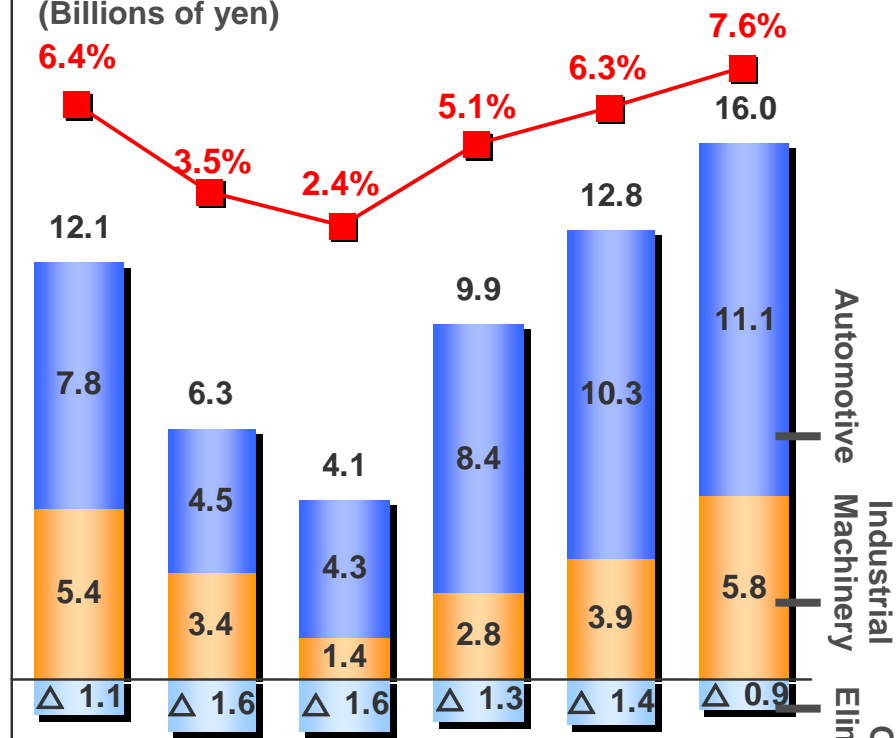
US\$= ¥80.20 ¥78.62 ¥81.18 ¥92.40 ¥98.76 ¥98.94

EURO= ¥102.91 ¥98.37 ¥105.23 ¥122.05 ¥128.95 ¥131.05

Operating income / Margin

2Q operating income increased due to higher volume, cost reductions, and the effect of the weaker yen. The 7.6% margin was a post-Lehman high.

(Billions of yen)



FY2012 1Q 2Q 3Q 4Q FY2013 1Q 2Q

US\$= ¥80.20 ¥78.62 ¥81.18 ¥92.40 ¥98.76 ¥98.94

EURO= ¥102.91 ¥98.37 ¥105.23 ¥122.05 ¥128.95 ¥131.05

Results by Business Segment



(Billions of yen)	FY2012 1 st half <Actual>	FY2013 1 st half <Actual>	Increase/ Decrease YOY	Difference YOY	FY2013 1 st half <Original forecast>
Net sales	369.4	413.6	+44.2	+12.0%	390.0
Industrial machinery business	112.2	115.9	+3.7	+3.3%	110.5
Industrial machinery bearings	94.1	98.5	+4.4	+4.7%	95.0
Precision machinery and parts	18.1	17.4	-0.7	-3.8%	15.5
Automotive business	243.8	283.8	+40.0	+16.4%	261.0
Automotive bearings	117.2	135.2	+18.0	+15.3%	127.0
Automotive components	126.6	148.6	+22.0	+17.4%	134.0
Others	28.0	27.3	-0.7	-2.6%	30.5
Eliminations	-14.6	-13.4	+1.2	-	-12.0
Operating income	18.4 <5.0%>	28.8 <7.0%>	+10.4	+56.1%	21.0
Industrial machinery business	8.8 <7.8%>	9.7 <8.4%>	+0.9	+10.8%	7.0
Automotive business	12.3 <5.1%>	21.4 <7.6%>	+9.1	+73.6%	16.5
Others	1.2 <4.4%>	1.4 <5.1%>	+0.2	+12.9%	1.5
Eliminations/Corporate	-3.9	-3.7	+0.2	-	-4.0

Operating Income: Factors Behind Increase (FY2012 1st half ⇒ FY2013 1st half)

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FY2013 1st half

(Billions of yen)

**YOY increase of
+10.4**



FY2012 1st half

18.4

Δ6.4

**Volume
decrease etc.**

Δ3.2

**Decline in
sales price**

Δ3.2

**Reduction of external
procurement costs etc.**

+3.9

+12.0

**Effect of exchange
rate fluctuations**

+0.9

**Decrease in
other costs**

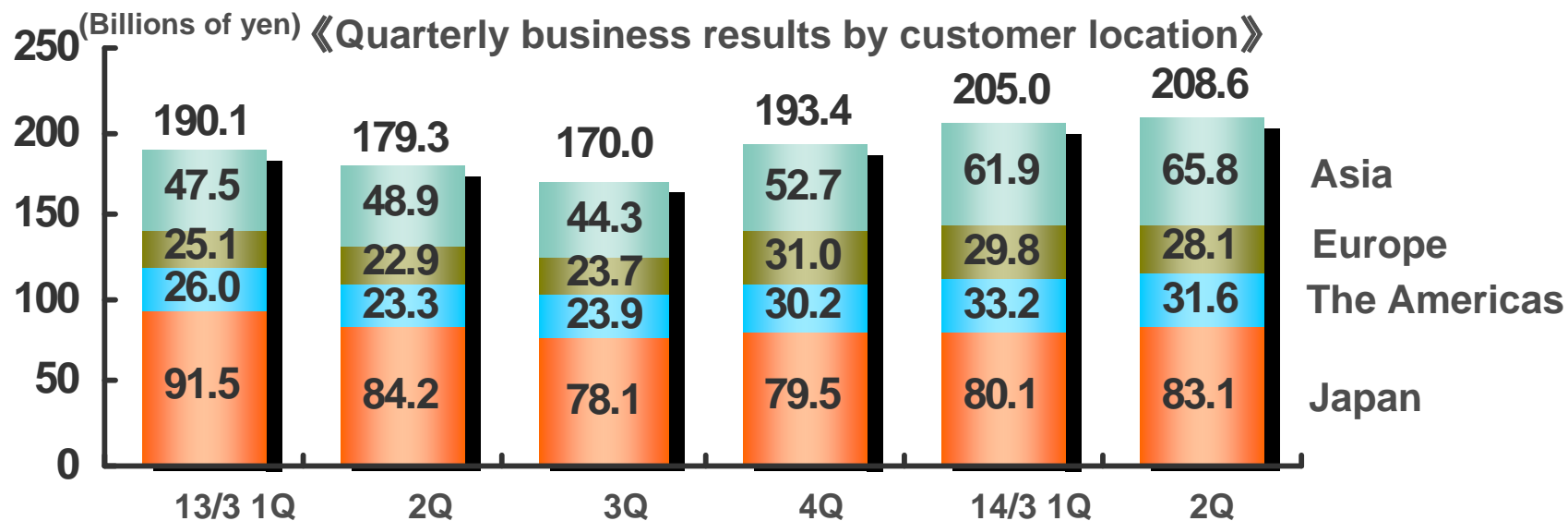
28.8

+16.8

Business Results by Customer Location



(Billions of yen)	FY2012 1 st half <Actual>	FY2013 1 st half <Actual>	Increase/ Decrease YOY	Difference YOY
Net sales	369.4	413.6	+44.2	+12.0%
Japan	175.7	163.2	-12.5	-7.1%
Non-Japan (Non-Japan ratio)	193.7 (52.4%)	250.4 (60.5%)	+56.7	+29.2%
The Americas	49.3	64.8	+15.5	+31.3%
Europe	48.0	57.9	+9.9	+20.6%
Asia (Asia ratio)	96.4 (26.1%)	127.7 (30.9%)	+31.3	+32.5%
China only	47.0	70.1	+23.1	+49.1%



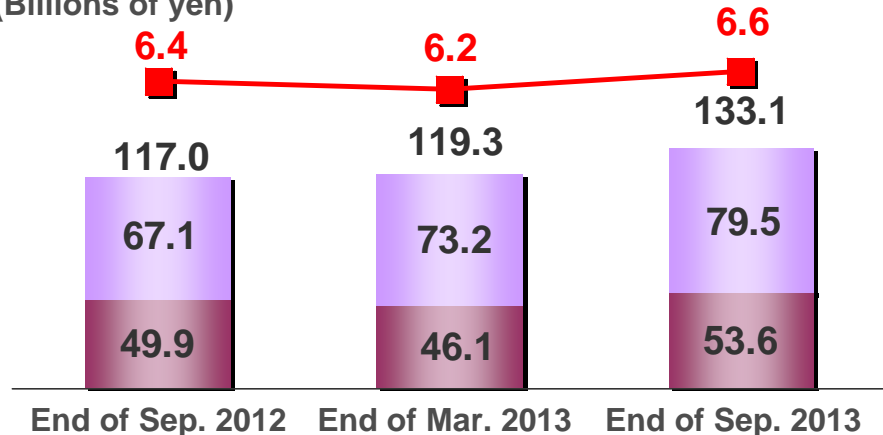
Inventories / Interest-Bearing Debt, Capital Expenditure / Depreciation and Amortization



Inventories

Japan Non-Japan Inventory turnover

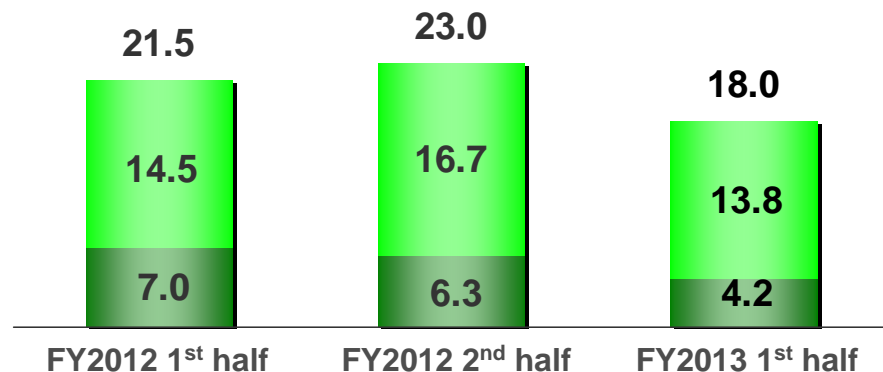
(Billions of yen)



Capital Expenditure

Japan Non-Japan

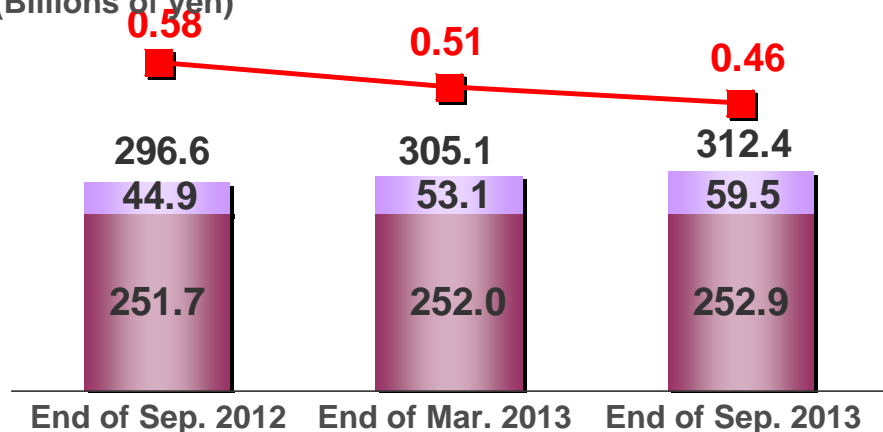
(Billions of yen)



Interest-Bearing Debt

Japan Non-Japan Net D/E ratio

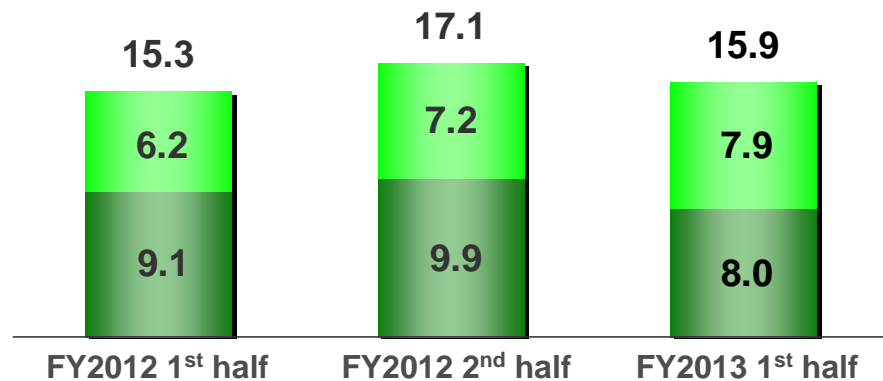
(Billions of yen)



Depreciation and Amortization

Japan Non-Japan

(Billions of yen)



2. Consolidated Business Forecast for the Year Ending March 31, 2014

Revised Business Forecast (Announced in September)

- ✓ Both net sales and operating income were revised upward from the original FY2013 forecast announced in May
- ✓ YOY increase in both net sales and operating income
(Net sales +¥107.2 billion (+14.6%), operating income +¥25.6 billion (+79.2%))
- ✓ Exchange rate forecast for the 2nd half: US\$=¥95.0, EURO=¥125.0
- ✓ Dividend increase: 1st half: ¥7.0, 2nd half forecast: ¥7.0
(Original forecast: 1st half: ¥6.0, 2nd half: ¥6.0)

Forecasted Business Environment for the 2nd Half

- ✓ Gradual recovery in Japanese and U.S. economies, stable growth in China, growth slowdown in ASEAN
- ✓ Industrial machinery business:
 - Slower recovery compared to original 2nd half forecast
- ✓ Automotive business:
 - Production in Japan --- export increase due to current currency condition and production volume increase before consumption tax rise
 - Production outside Japan --- steady demand in the U.S. and China, despite slowdown in ASEAN

Summary of Consolidated Business Forecast for the Year Ending March 31, 2014 (FY2013)

(Billions of yen)	FY2012	FY2013					
	Full year <Actual>	1 st half <Actual>	2 nd half <Revised forecast>	Full year <Revised forecast>	Difference YOY	Change YOY	Full year <Original forecast>
Net sales	732.8	413.6	426.4	840.0	+107.2	+14.6%	790.0
Operating income <%>	32.4 <4.4%>	28.8 <7.0%>	29.2 <6.8%>	58.0 <6.9%>	+25.6	+79.2%	49.0 <6.2%>
Ordinary income	30.3	28.1	26.9	55.0	+24.7	+81.5%	46.0
Income before tax	25.3	24.8	26.9	51.7	+26.4	+104.4%	46.0
Net income	15.7	14.7	19.3	34.0	+18.3	+116.0%	30.0
(Exchange rate: US\$ =)	(¥83.10)	(¥98.85)	(¥95)	(¥96.93)			(¥90)
(Exchange rate: EURO =)	(¥107.14)	(¥130.00)	(¥125)	(¥127.50)			(¥120)

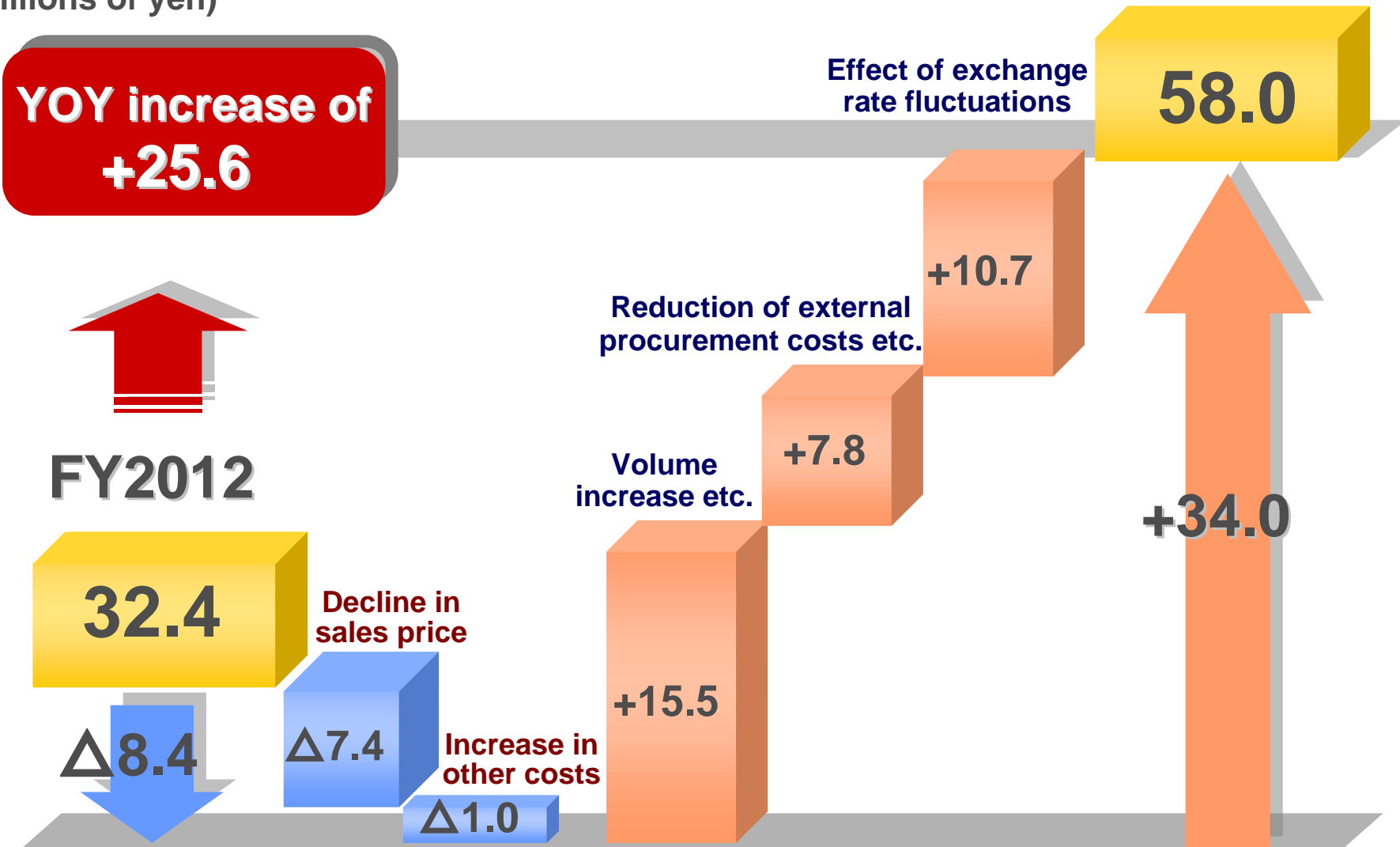
Forecast by Business Segment

(Billions of yen)	FY2012 Full year <Actual>	FY2013		Full year <Revised Forecast>	Difference YOY	Change YOY	Full year <Original forecast>
		1 st half <Actual>	2 nd half <Revised forecast>				
Net sales	732.8	413.6	426.4	840.0	+107.2	+14.6%	790.0
Industrial machinery business	216.1	115.9	118.1	234.0	+17.9	+8.3%	230.0
Industrial machinery bearings	183.1	98.5	99.0	197.5	+14.4	+7.9%	195.0
Precision machinery and parts	33.0	17.4	19.1	36.5	+3.5	+10.4%	35.0
Automotive business	490.5	283.8	285.2	569.0	+78.5	+16.0%	525.0
Automotive bearings	236.5	135.2	136.3	271.5	+35.0	+14.8%	255.0
Automotive components	254.0	148.6	148.9	297.5	+43.5	+17.1%	270.0
Others	53.3	27.3	36.7	64.0	+10.7	+20.1%	59.0
Eliminations	-27.1	-13.4	-13.6	-27.0	+0.1	-	-24.0
Operating income	32.4 <4.4%>	28.8 <7.0%>	29.2 <6.9%>	58.0 <6.9%>	+25.6	+79.2%	49.0 <6.2%>
Industrial machinery business	13.0 <6.0%>	9.7 <8.4%>	9.8 <8.3%>	19.5 <8.3%>	+6.5	+49.8%	20.0 <8.7%>
Automotive business	25.0 <5.1%>	21.4 <7.6%>	22.1 <7.7%>	43.5 <7.6%>	+18.5	+74.1%	34.5 <6.6%>
Others	2.2 <4.1%>	1.4 <5.1%>	1.6 <4.4%>	3.0 <4.7%>	+0.8	+38.6%	2.5 <4.2%>
Eliminations/Corporate	-7.8	-3.7	-4.3	-8.0	-0.2	-	-8.0

Operating Income: Factors Behind Increase (FY2012 ⇒ FY2013 Revised forecast)

FY2013 Revised forecast

(Billions of yen)



Forecast by Customer Location



(Billions of yen)	FY2012			FY2013					
	1st half <Actual>	2nd half <Actual>	Full year <Actual>	1st half <Actual>	2nd half <Revised forecast>	Full year <Revised forecast>	Increase/ Decrease YOY	Change YOY	Full year <Original forecast>
Net sales	369.4	363.4	732.8	413.6	426.4	840.0	+107.2	+14.6%	790.0
Japan	175.7	157.6	333.3	163.2	164.8	328.0	-5.3	-1.6%	321.0
Non-Japan (Non-Japan ratio)	193.7 (52.4%)	205.8 (56.6%)	399.5 (54.5%)	250.4 (60.5%)	261.6 (61.4%)	512.0 (61.0%)	+112.5	+28.2%	569.0 (59.4%)
The Americas	49.3	54.1	103.4	64.8	65.2	130.0	+26.6	+25.8%	118.5
Europe	48.0	54.7	102.7	57.9	57.6	115.5	+12.8	+12.5%	113.5
Asia (Asia ratio)	96.4 (26.1%)	97.0 (26.7%)	193.4 (26.4%)	127.7 (30.9%)	138.8 (32.6%)	266.5 (31.7%)	+73.1	+37.7%	237.0 (30.0%)
China only	47.0	44.4	91.4	70.1	80.4	150.5	+59.1	+64.6%	118.5

3. Progress of New Mid-Term Management Plan

Mid-Term Management Plan: Outline

Establishing corporate fundamentals appropriate for a company with net sales of ¥1 trillion

Business Strategies

Growth with focus on profitability

Growth in emerging countries

Enhancement of customer and sector strategies

Production and technology development capabilities

Strategic alliances

Industrial Machinery business

Automotive business

Corporate Foundation

Develop management capability to handle ¥1 trillion in sales volume

Enhancement of corporate governance and compliance

Reform of business structure

Advancement of global management

New production, sales and administration systems

Business management Regional management

Safety, Quality, and Compliance

《 Numerical Targets 》

	FY2015
Net Sales	¥940.0 billion
Operating Income	¥86.0 billion
Ordinary Income	¥80.0 billion
Net Income	¥52.0 billion
Operating Income %	9.1%
ROE	13.0%
Net D/E Ratio	0.40
Exchange Rate	1US\$=¥90 1Euro=¥120

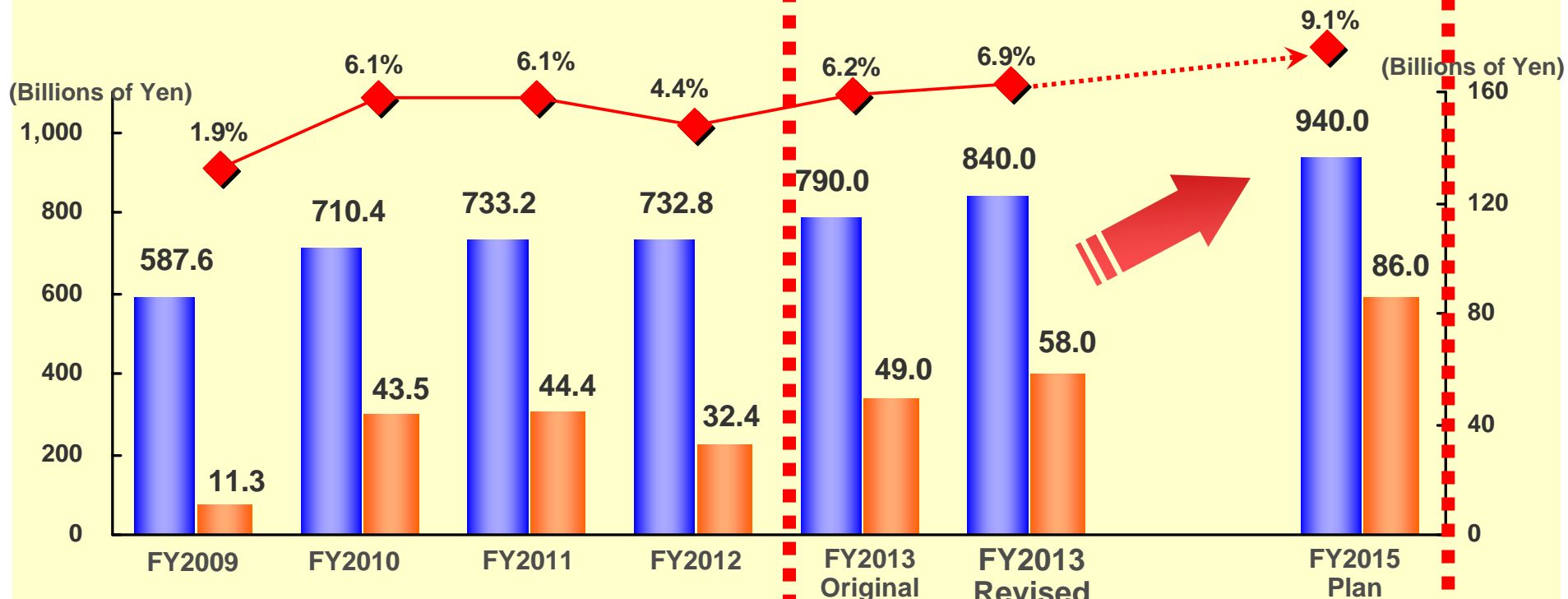
Mid-Term Management Plan: Business Forecast



FY2009-FY2012 Mid-term Plan

FY2013-FY2015 Mid-term Plan

■ Sales ■ Operating income ◆ Operating income %



ROE	2.0%	10.3%	10.6%	5.2%
Net D/E	0.73	0.60	0.58	0.51

13.0%
0.40

\$	92.83	85.63	79.02	83.10	90	97
Euro	130.89	112.92	109.40	107.14	120	128

90
120

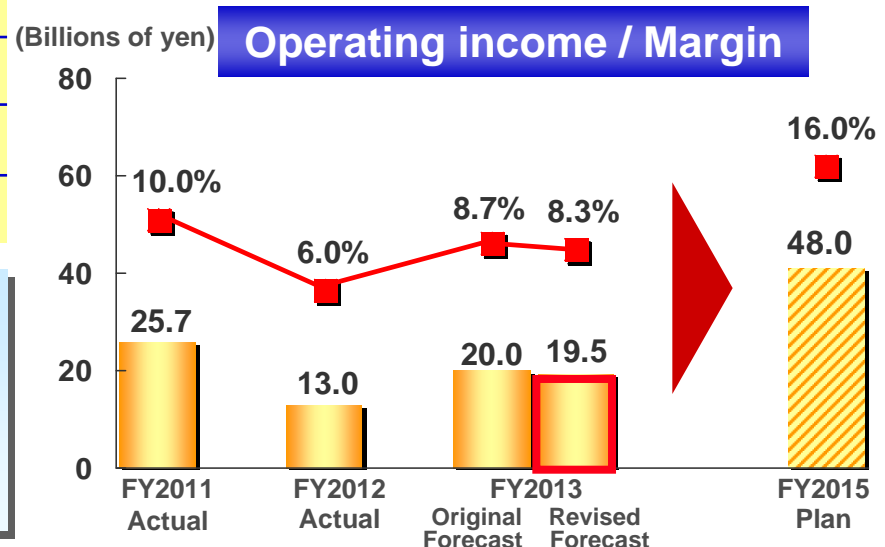
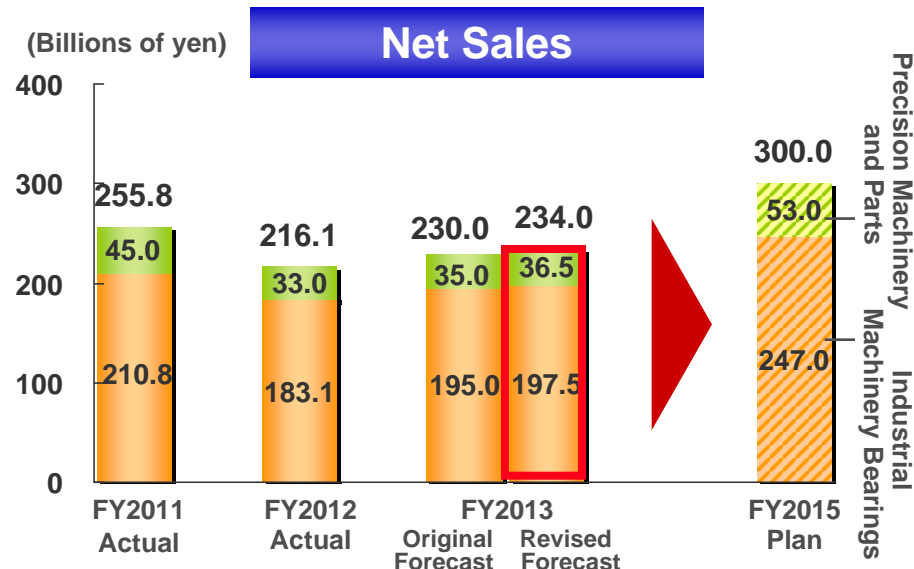
Industrial Machinery Business ①: FY2013 2nd Half Business Environment and Business Forecast



【Demand trend by sector】 1st half vs 2nd half

Sectors	Overall	Japan	Non-Japan
Electrical / IT	→	→	→
Steel Plant Facilities	→	→	→
Fluid Machinery	→	→	→
Mining & Construction	→	→	→
Agricultural Machinery	→	→	→
Wind Turbines	→	→	→
Railcars	→	→	→
Machine Tools	→	→	→
Injection Molding	→	→	→
Semiconductors / Liquid Crystal	→	→	→
Aftermarket	→	→	→

Consumer appliances: Steady demand in home appliances, electric power tools, etc.
Infrastructure: Continued uncertainty in overseas demand
Aftermarket: Completion of distributors' inventory adjustment



Industrial Machinery Business ②

Progress of Mid-Term Management Plan



Sector Strategies; Leader Strategies / Challenger Strategies

■ Leader Fields

Machine tools:

- Targeting Japanese and Chinese markets
- Enhancing cost competitiveness through productivity improvements

Home electronics:

- Enhancing presence in volume zone by utilizing alliances

■ Challenger Fields

◇ Infrastructure / resources

Railcars:

- Enhancing maintenance

Construction machinery:

- Responding to localization by Japanese manufacturers in China through utilizing Shenyang plant

Wind turbines:

- Focusing on large ocean turbines

Fluid machinery:

- Capturing LNG and shale gas demand

◇ Utilize technology to penetrate markets

- Expanding sales with high-performance catalogue products
(Improving lineup of HPS bearing series)

Maintenance Related Business

- Expanding business, focusing on infrastructure sector in emerging countries

: Appointing specialist staff

- ◇ Maintenance: facility maintenance
- ◇ Consulting: productivity improvement, automation
- ◇ Monitoring: machinery assessment
- ◇ Consumable supplies: bearings, grease, seals

Operation Improvement

- Shortening production lead time

: Shortening standard lead time

: Reorganizing and streamlining processes

- Enhancing supply chain

: Improving efficiency of aftermarket supply chain

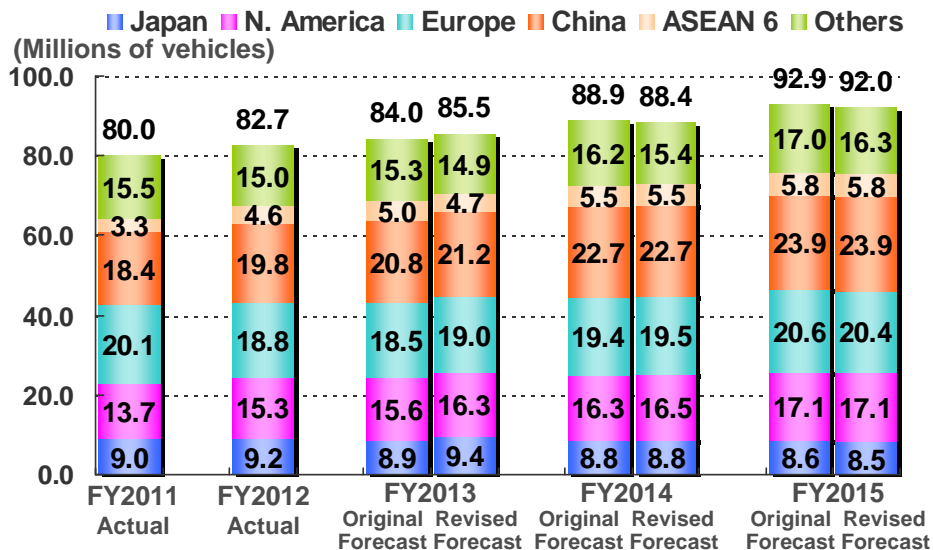
→ Refining sales-frequency-based inventory control

Automotive Business ①

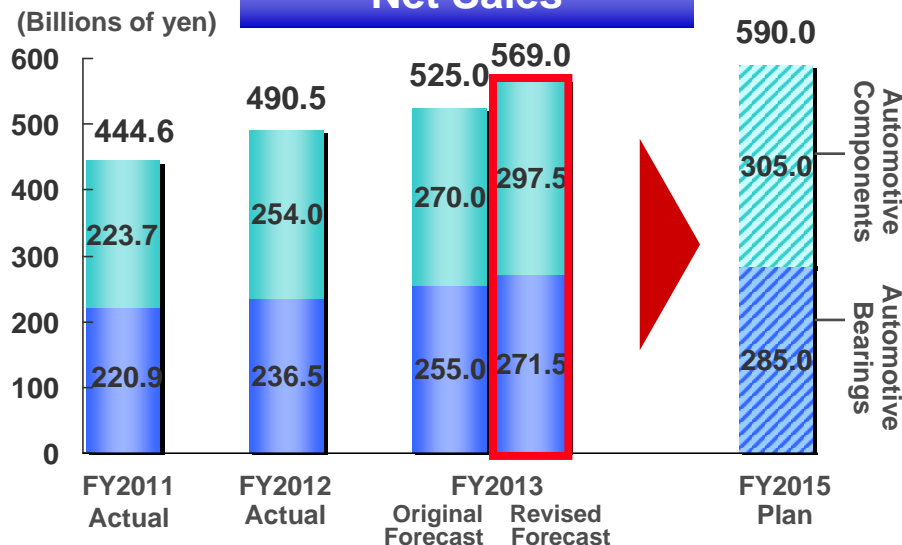
Vehicle Production Forecast and Business Forecast



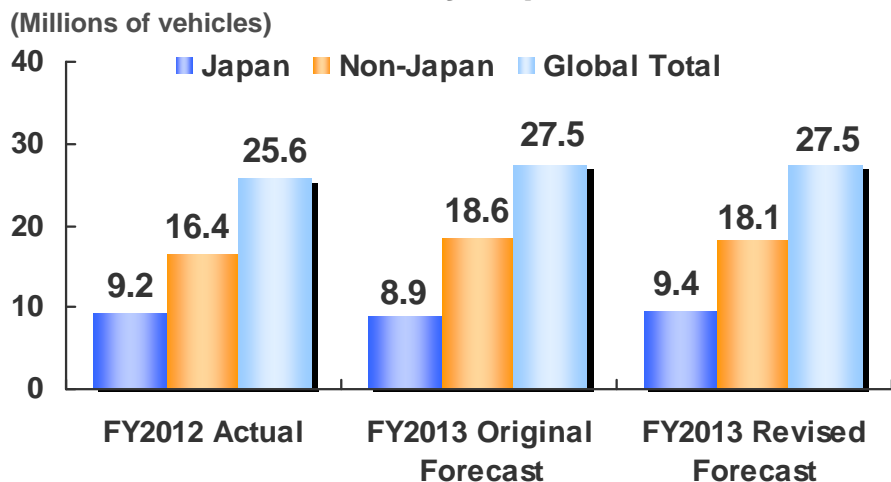
【Global vehicle production volume】



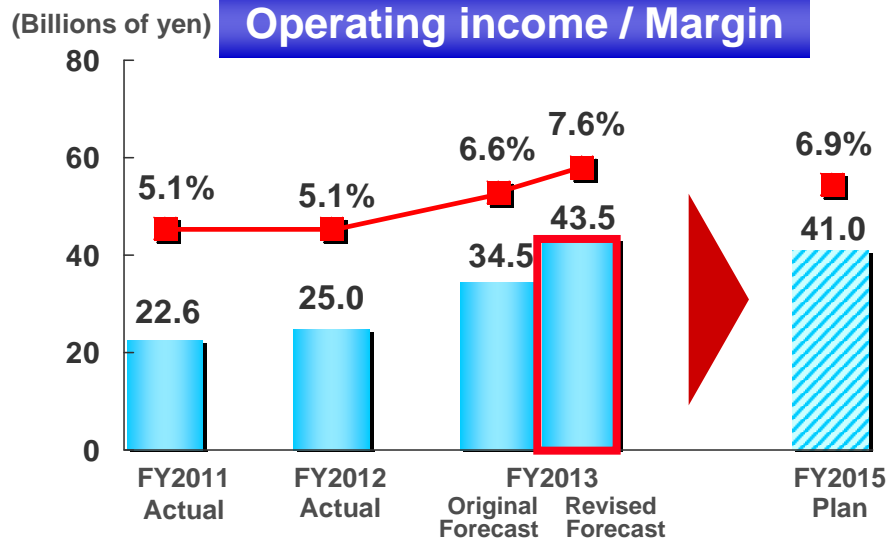
Net Sales



【Production volume by Japanese automakers】



Operating income / Margin



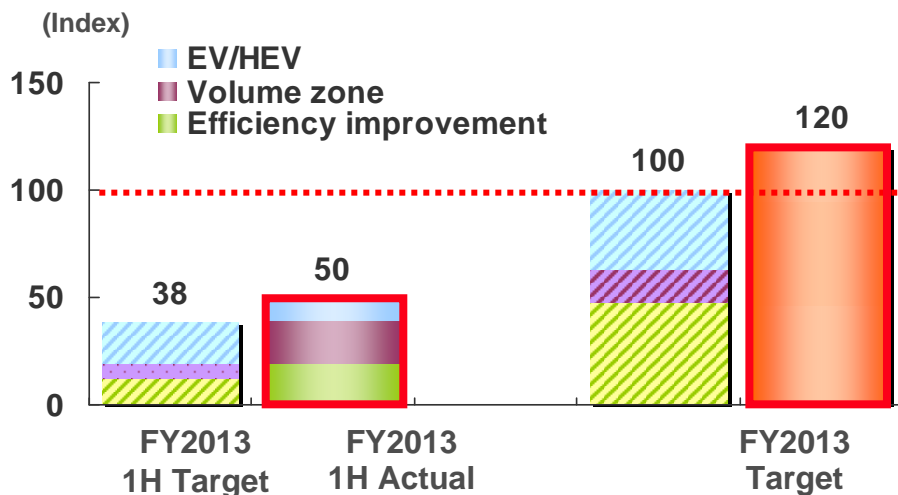
Automotive Business ②

Progress of Mid-Term Management Plan



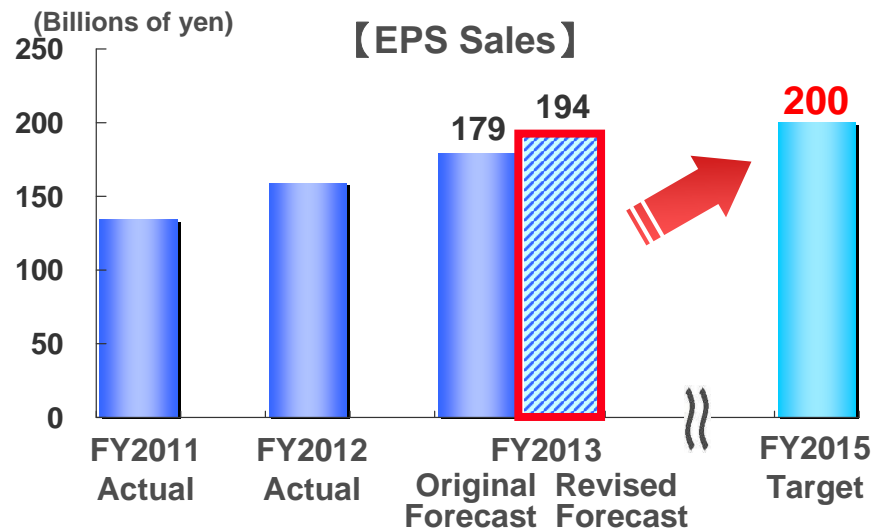
Automotive Bearings

【Sales of New Technologies/New Products】



- Enhancing response to changes in demand structure
- Net sales exceeded original 1st half forecast
- New products and technologies (main expansion products)
 - *Efficiency improvement:
 - increased lineup of low torque products
 - *Volume zone:
 - bearings with improved water resistance
 - *EV/HEV: specialized products for EV/HEV, bearings for in-vehicle motors

Electric Power Steering Systems



- Ensured timely SOP for projects won and managed profitability
- Enhancing activities to win next-generation projects
 - * Early action for target projects
 - * Enhancing target cost initiatives
- Improving profitability
 - * Standardization and commonalization (type-specific designs, processes; transferring production process to overseas)
 - * Optimizing component procurement
- The Americas: considering new production site

Strengthening Business Base in Emerging Countries: Establishing a Production Site in Mexico



Purpose of establishing Mexico plant

- Respond to growing automotive production in Mexico
- Operate as a supply site for North and South American markets by utilizing FTA
- Improve profitability of American automotive business

【Overview】

- Location: Silao, Guanajuato, Mexico
- Establishment: April 2013
- Start of Operation: Spring 2014 (planned)
- Business: Manufacture of automotive bearings
- Output: ¥6.0 billion (FY2015)
- Site area: Approximately 100,000 m²
- Building floor space (Initial stage):
Approximately 13,000 m²

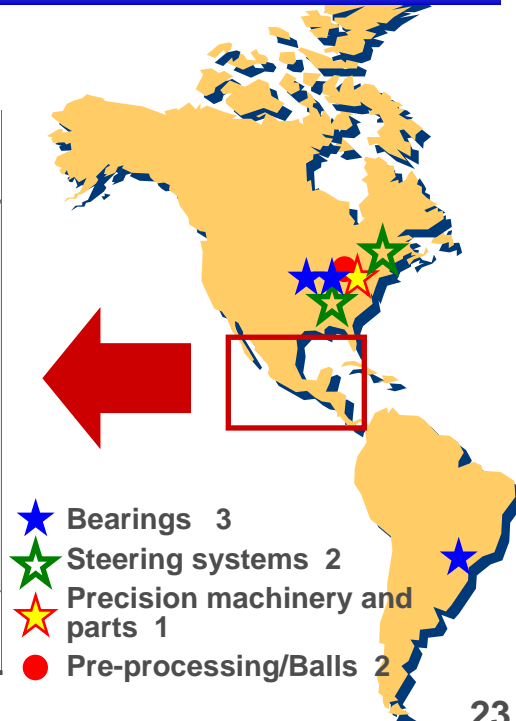


Rendering of Mexico Plant



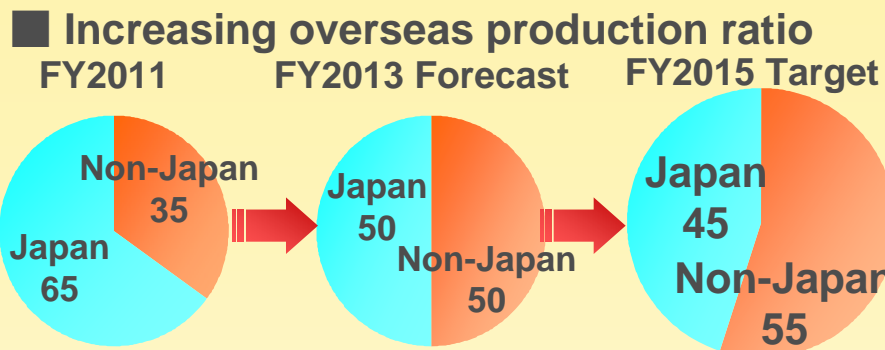
Plant site (as of September 2013)

Current production sites in the Americas



Mid-Term Management Plan Measures: Enhancing Corporate Foundation

Increasing Overseas Production Ratio



- ◇ Japan/Non-Japan production ratio
→ shift to Japan : Non-Japan=45:55
- Target:
same ratio as overseas sales ratio
- Local demand
= advance local production system
- Strengthen resilience to currency fluctuations
- Production reorganization /
increasing overseas production capacity
- Improving capability in emerging regions and growth fields
- Strengthening existing production capacity

Enhancing Global Management

- Globalizing HQ management
- Further globalizing and localizing local management
- Utilizing China advisory board

Enhancing Corporate Fundamentals

- Promoting standardization, commonalization and sharing
- Innovating business by upgrading production, sales, and administration systems
→ Developing management capability to handle ¥1 trillion in sales volume

(Supplementary Information)

(Supplementary Information)
Forecast by Geographical Segment



(Billions of yen)	FY2012			FY2013					
	1 st half <Actual>	2 nd half <Actual>	Full year <Actual>	1 st half <Actual>	2 nd half <Revised forecast>	Full year <Revised forecast>	Increase/ Decrease YOY	Change YOY	Full year <Original forecast>
Net sales	369.4	363.4	732.8	413.6	426.4	840.0	+107.2	+14.6%	790.0
Japan	259.7	232.7	492.4	251.9	257.1	509.0	+16.6	+3.4%	488.0
The Americas	48.7	53.6	102.3	64.2	65.3	129.5	+27.2	+26.6%	118.0
Europe	49.0	55.4	104.4	58.9	59.1	118.0	+13.6	+13.0%	116.5
Asia	95.4	98.3	193.7	134.6	136.9	271.5	+77.8	+40.2%	248.0
Eliminations	-83.4	-76.6	-160.0	-96.0	-92.0	-188.0	-28.0	-	-180.5
Operating income	18.4 <5.0%>	14.0 <3.8%>	32.4 <4.4%>	28.8 <7.0%>	29.2 <6.8%>	58.0 <6.9%>	+25.6	+79.2%	49.0 <6.2%>
Japan	13.6 <5.3%>	10.0 <4.3%>	23.6 <4.8%>	20.6 <8.2%>	15.4 <6.0%>	36.0 <7.1%>	+12.4	+52.5%	29.0 <5.9%>
The Americas	1.2 <2.5%>	2.0 <3.7%>	3.2 <3.2%>	1.9 <3.0%>	3.1 <4.8%>	5.0 <3.9%>	+1.8	+56.3%	4.5 <3.8%>
Europe	1.0 <1.9%>	1.0 <1.8%>	2.0 <1.9%>	1.2 <2.1%>	1.8 <3.1%>	3.0 <2.5%>	+1.0	+50.0%	3.5 <3.0%>
Asia	6.0 <6.3%>	4.6 <4.7%>	10.6 <5.5%>	9.6 <7.2%>	13.9 <10.2%>	23.5 <8.7%>	+12.9	+121.7%	19.5 <7.9%>
Eliminations/ Corporate	-3.4	-3.6	-7.0	-4.7	-5.0	-9.5	-	-	-7.5

(Supplementary Information)
Consolidated Balance Sheets



Assets

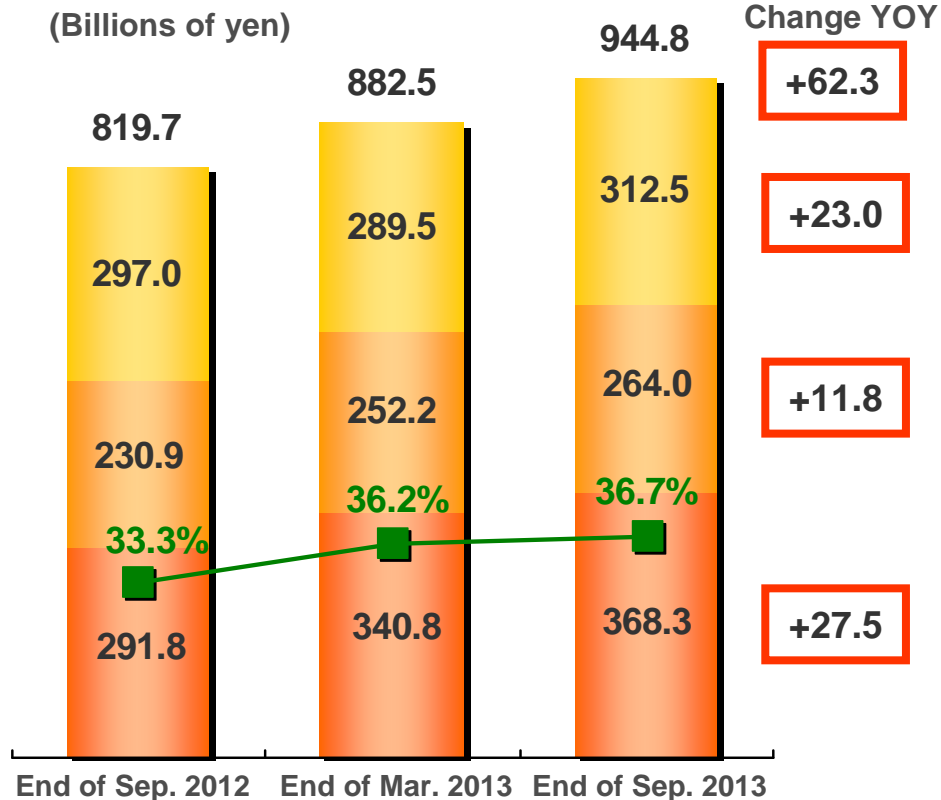
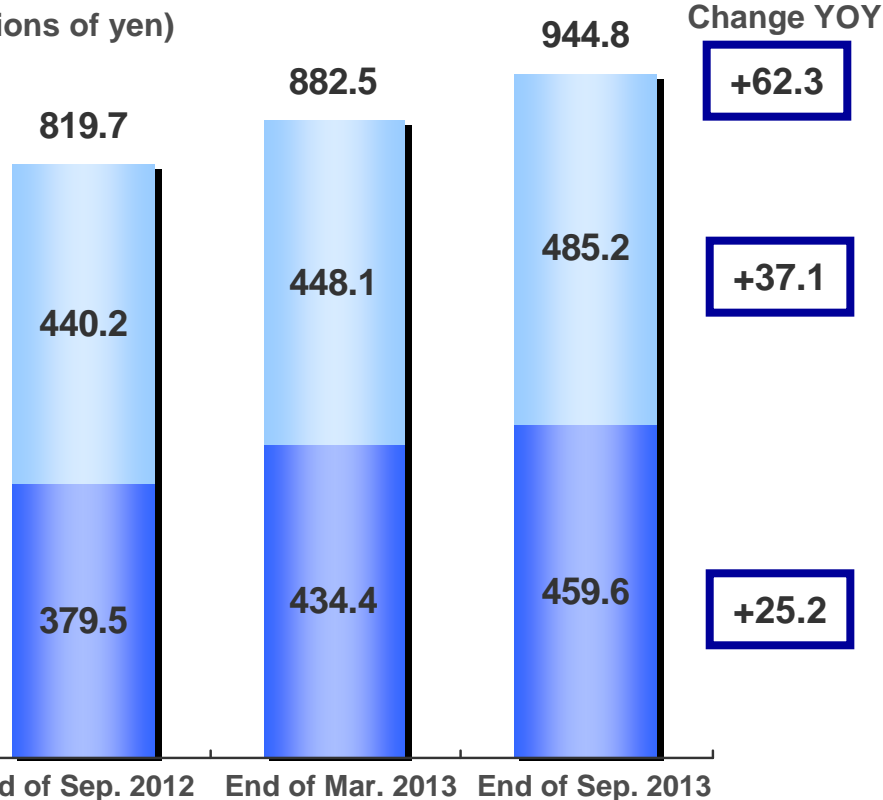
Liabilities and Net Assets

■ Non-current assets ■ Current assets

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

(Billions of yen)

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US\$:	77.60	94.05	97.75
Euro:	100.24	120.73	131.87

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(Supplementary Information) **Capital Expenditure,
Depreciation and Amortization, R&D Expenses**



(Billions of yen)	FY2012 <Actual>	FY2013 1 st half <Actual>	FY2013 <Original forecast>
Capital expenditure (※)	44.5	18.0	38.0
Japan	13.3	4.2	11.0
Non-Japan	31.2	13.8	27.0
The Americas	4.0	2.8	5.5
Europe	4.7	1.8	4.0
Asia	22.5	9.2	17.5

※Excluding intangible assets

(Billions of yen)	FY2012 <Actual>	FY2013 1 st half <Actual>	FY2013 <Original forecast>
Depreciation and amortization (※)	32.4	15.9	31.5

※Excluding intangible assets

(Billions of yen)	FY2012 <Actual>	FY2013 1 st half <Actual>	FY2013 <Original forecast>
R&D expenses	10.4	4.9	10.5