

# 1H FY2022 Results Presentation

August 9, 2022

Tsubaki Nakashima Co., Ltd  
(Prime Market of TSE 6464)



# TRANSFORM NEXT2023

*Precision for a Changing and Sustainable world*

# Highlights for 1H FY2022 & Shareholder return

While sales grew steadily in both 1Q and 2Q, operating profit margin declined due to increased expenses.

## Sales

- Sales : +10.1% from 1H2021, +15.3% from 2H2021
- Growth Strategies : Ceramics strong, Asia & Medical largely in line with plan

## Profits

- ¥2.3 billion of expenses related to restructuring of European rollers (operating profit decreased by the same amount)
- Operating profit excluding the above was ¥3.6 billion. Decline in OP margin mainly due to a significant rise in energy costs in a wide range of areas and the impact of the China lockdown

## Dividend

- Interim dividend ¥13/share
- Year-end dividend ¥17/share (planned)  
Annual dividend ¥30/share

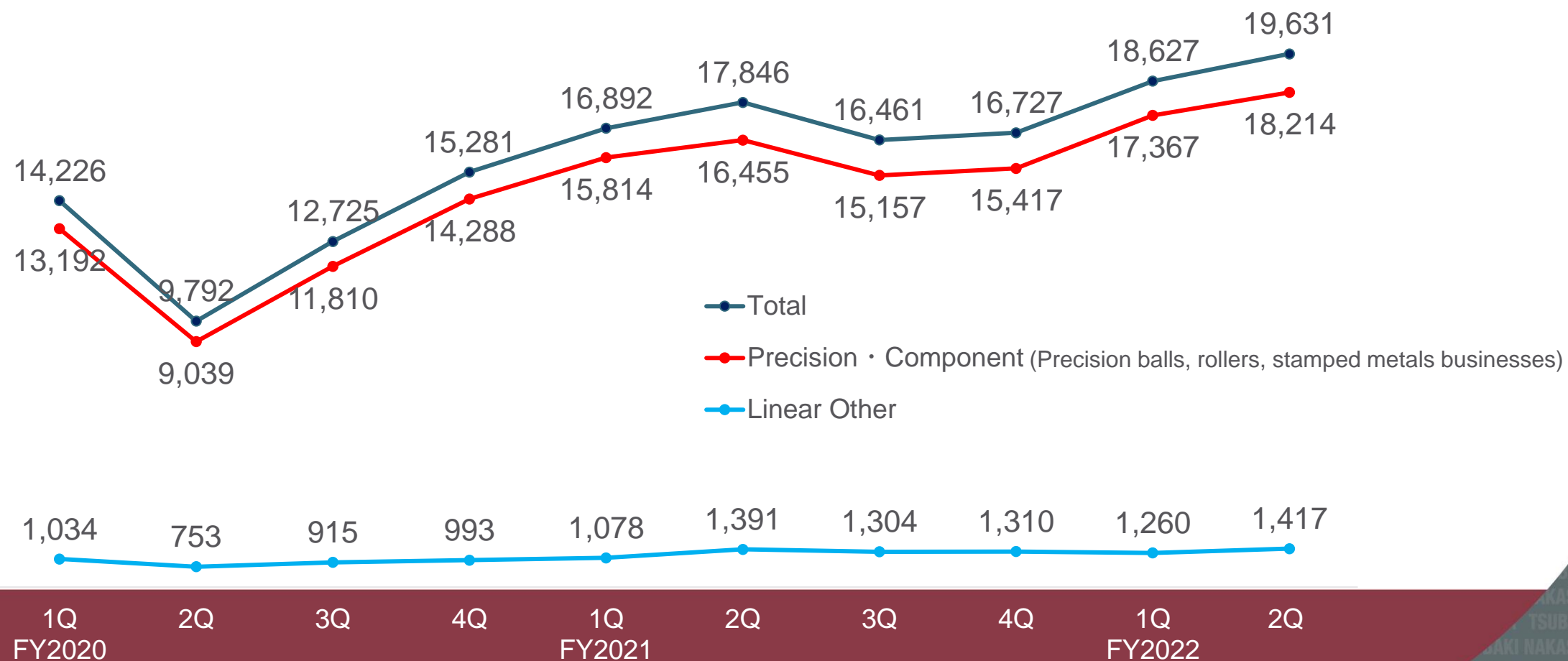
## Share buyback

- Maximum ¥1.0 billion or 1,300,000 shares from Aug. 15, 2022 to Oct. 31, 2022

# Sales by Quarter

Sales of Precision Components increased by 10.7% YoY, 4.9% QoQ

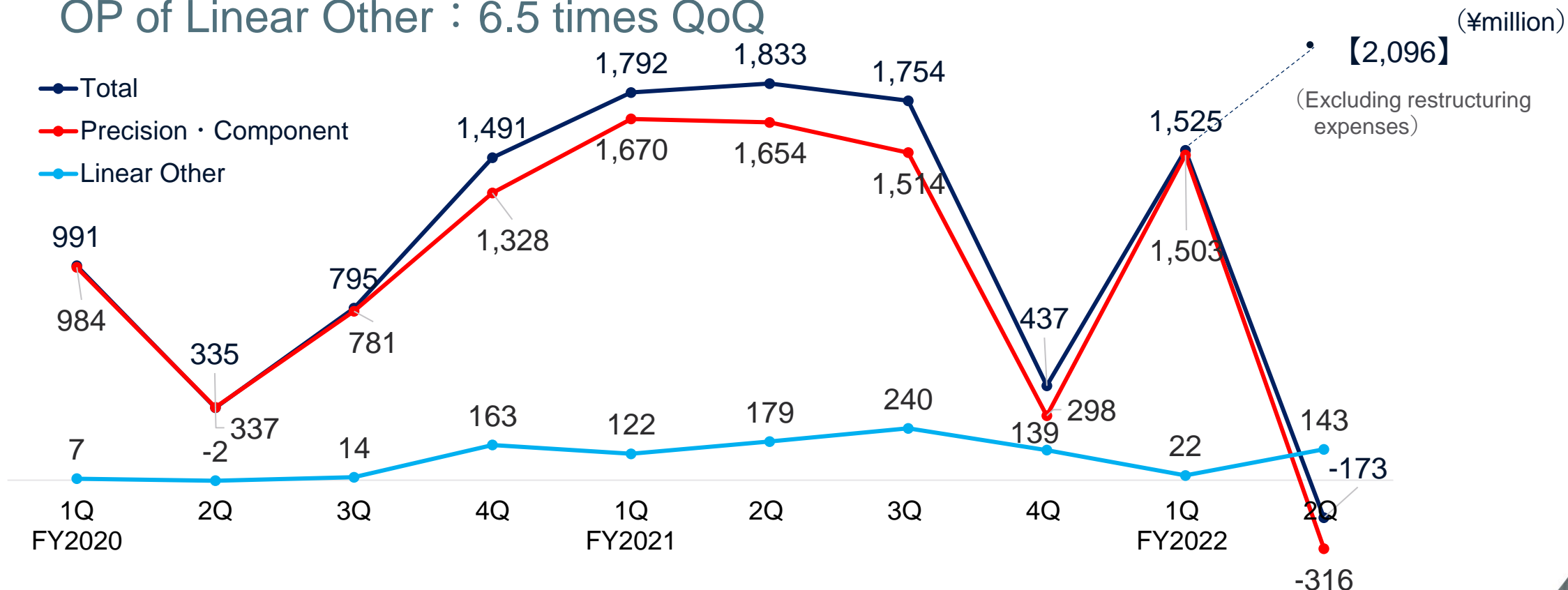
Sales of Linear Other increased by 1.9% YoY, 12.5% QoQ



# Operating profit by Quarter

OP of Precision Components : Loss in 2Q due to impact of ¥2.3 billion in European roller restructuring expenses

OP of Linear Other : 6.5 times QoQ



# 1H FY2022 Consolidated results (YoY)

Sales (excluding FX impact) increased by 3.1%

OP (ditto) decreased by 65.5%, decreased by 5.0%(excl. “restructuring expenses”)

	FY2021 1 H	FY2022 1 H				(¥million)
	Actual	Actual	FX impact	Inc/dec <sup>※1</sup>	Inc/dec% <sup>※1</sup>	
Sales	34,738	38,258	2,442	1,078	3.1%	
Operating profit	3,625	1,352	101	▲ 2,374	▲ 65.5%	
OP%	10.4%	3.5%	—	—	—	
(reference) Operating profit <sup>※2</sup>	3,625	3,621	176	▲ 180	▲ 5.0%	
OP% <sup>※2</sup>	10.4%	9.5%	—	—	—	
EBITDA	5,312	3,147	223	▲ 2,388	▲ 45.0%	
EBIT	3,258	1,542	738	▲ 2,454	▲ 75.3%	
Net profit	2,680	399	595	▲ 2,876	▲ 107.3%	

※ 1 “Inc/dec” and “Inc/dec%” exclude “FX impact”

※ 2 Excluding “restructuring expenses (¥2,269 million)”

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# 1H FY2022 Segment/Region Sales (YoY)

	FY2021 1 H	FY2022 1H				(¥million)
	Actual	Actual	FX impact	Inc/dec <sup>※1</sup>	Inc/dec% <sup>※1</sup>	
Consolidated	34,738	38,258	2,442	1,078	3.1%	
Precision Components <sup>※2</sup>	32,269	35,581	2,377	935	2.9%	
Japan	6,274	6,692	—	418	6.7%	
North America	6,656	7,001	892	▲ 547	▲ 8.2%	
Europe	12,091	13,838	447	1,300	10.8%	
China	6,392	6,737	900	▲ 555	▲ 8.7%	
Asia(ex. China)	858	1,317	138	321	37.4%	
Linear and Other	2,469	2,677	65	143	5.8%	

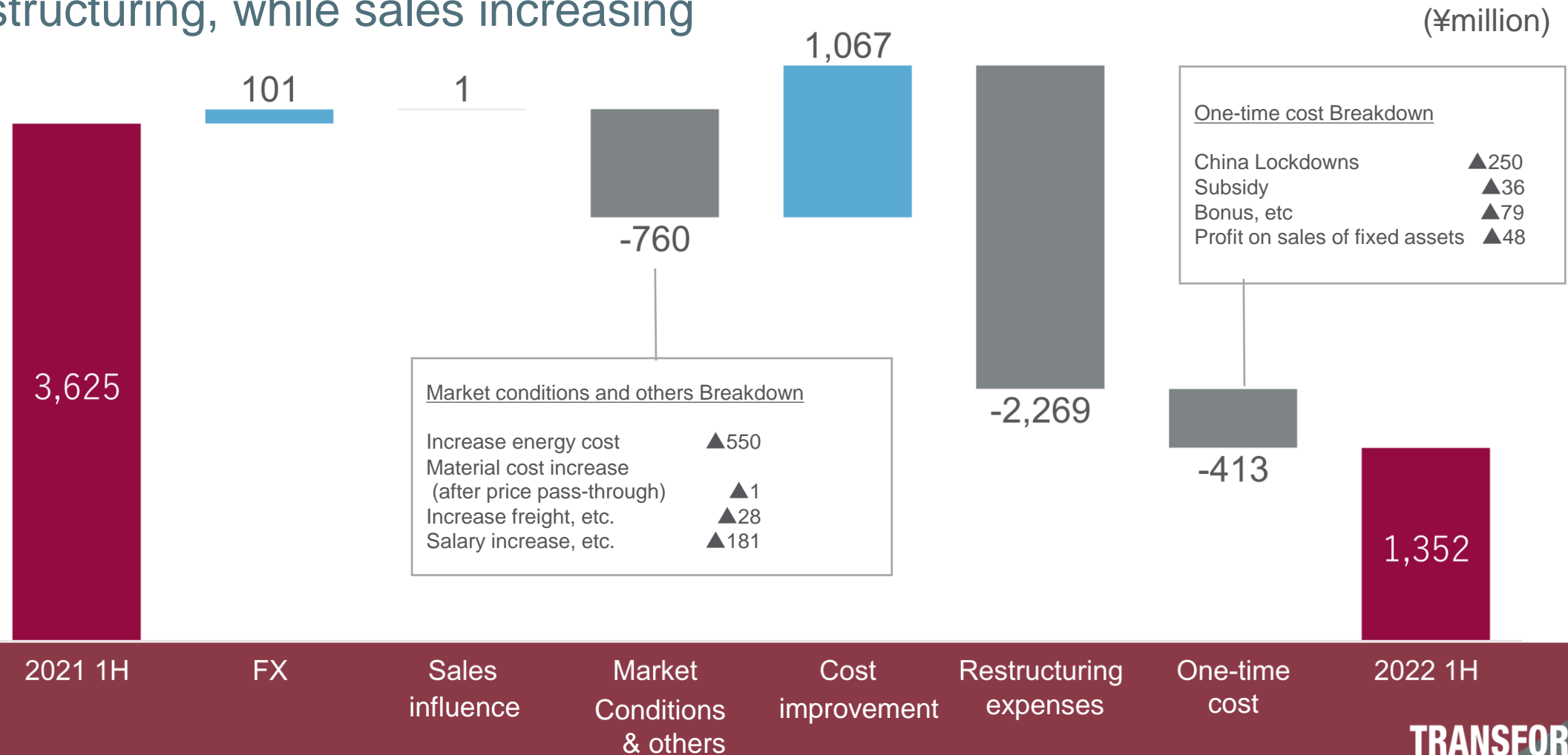
※1 "Inc/dec" and "Inc/dec%" exclude "FX impact"

※2 Excluding inter-segment profit

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# 1H FY2022 Operating profit bridge

OP decreased by 62.7% to ¥1.352 billion vs. 1H2021 due to significant rise in energy costs, impact of the China lockdown, and one-time expenses for restructuring, while sales increasing

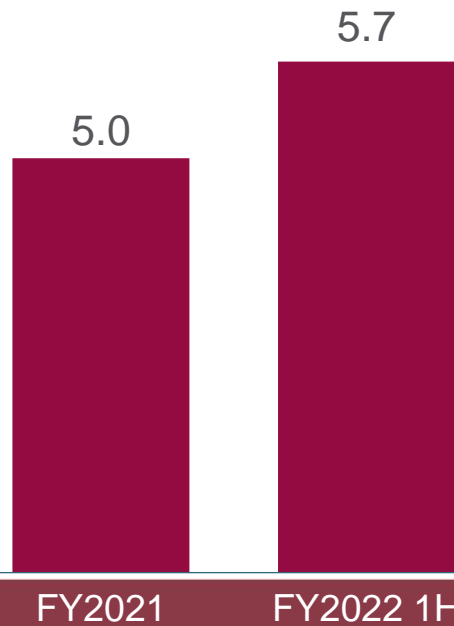




# BS/CF

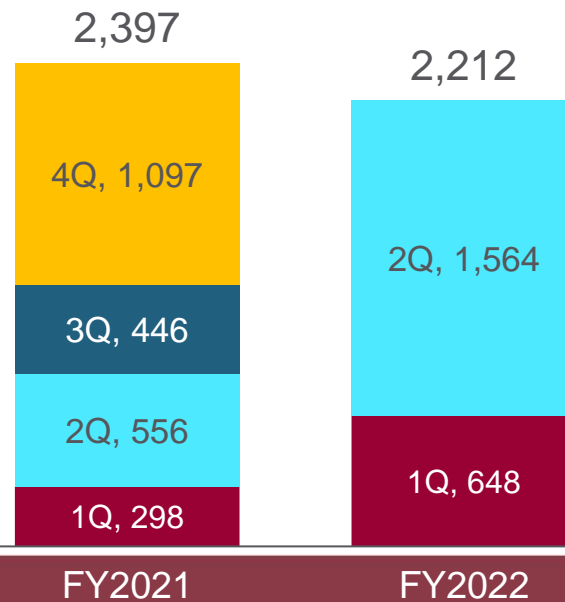
## Inventory Turn-over (months)

Increase in inventory towards sales expansion forecast in 3Q and beyond



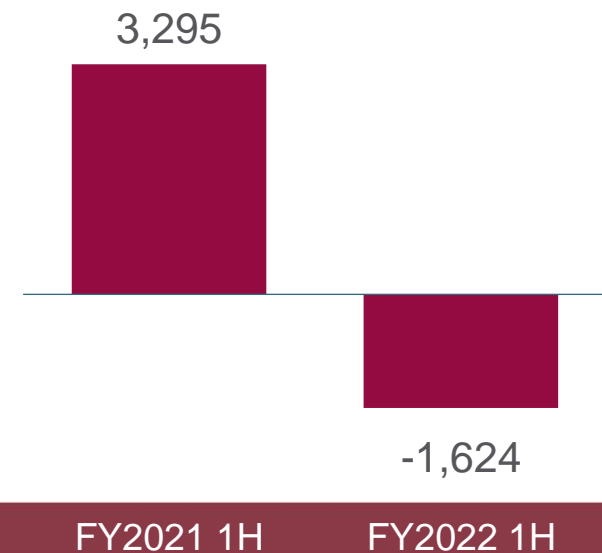
## CAPEX (¥million)

Promoting capital investment for future growth



## Free CF (¥million)

Increased inventory and CAPEX associated with future growth





# Growth Strategies (1H FY2022)

Ceramic balls are a strong driver of growth strategies, and this trend is expected to intensify

(¥million)

## Ceramic balls

YoY +404  
+21.8%

QoQ +206  
+10.0%

## Medical Device

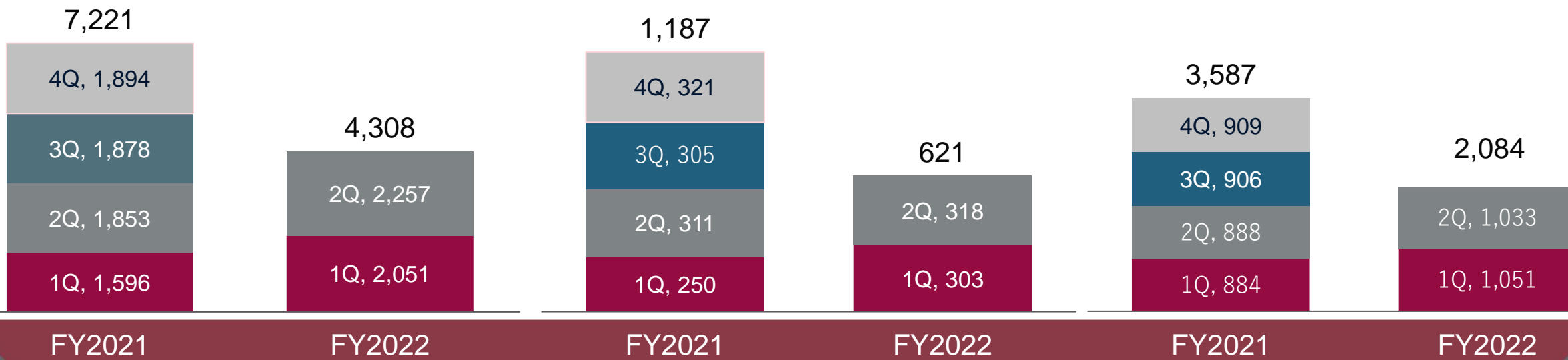
YoY +7  
+ 2.3%

QoQ +15  
+ 5.0%

## Growth in Asia (ex. China, ceramic)

YoY +145  
+16.3%

QoQ ▲18  
▲1.7%



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# Sustainability Initiatives

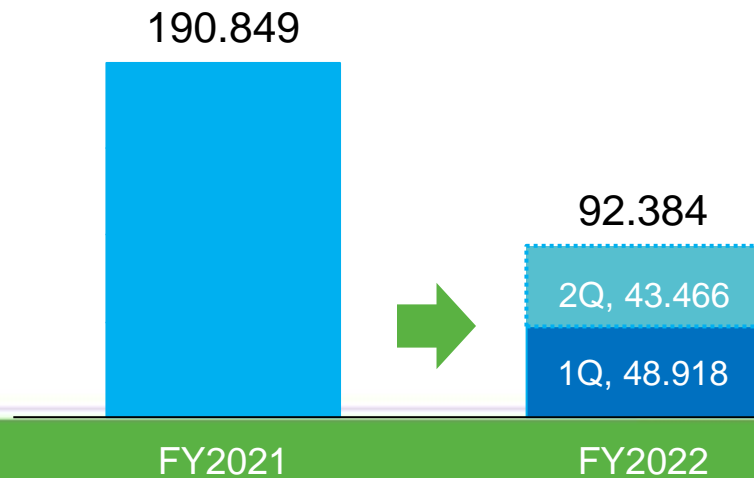
## CO<sub>2</sub> Emission Reduction Targets



- -27.5% Ton CO<sub>2</sub> by 2030 compared to 2019
- Aiming to achieve carbon neutrality by 2050

182.923 TON CO <sub>2</sub>	166.276 TON CO <sub>2</sub>	190.849 TON CO <sub>2</sub>	169.204 TON CO <sub>2</sub>	164.631 TON CO <sub>2</sub>	160.058 TON CO <sub>2</sub>	155.485 TON CO <sub>2</sub>	150.911 TON CO <sub>2</sub>	146.338 TON CO <sub>2</sub>	141.765 TON CO <sub>2</sub>	137.192 TON CO <sub>2</sub>	132.619 TON CO <sub>2</sub>
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### OUR TARGETS



# ESG Strategy

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