



3Q FY2019 Results Presentation

November 13, 2019

Tsubaki Nakashima Co, Ltd.

(TSE 6464)



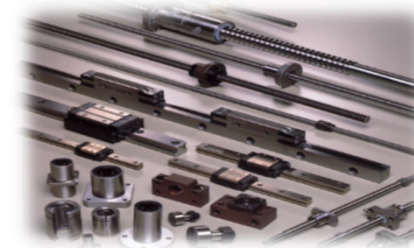
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One ball, One heart

To put our whole heart and soul into crating a single steel ball.



One spirit (precision), one heart (sincerity)

Sincerity is having a true heart, and the same Chinese character stands for both precision and sprit. To put our whole heart and soul into our work and produce excellent, precisely-made products.



1 . 3Q FY2019 RESULTS



Highlights for 3Q FY2019

- ❑ Sales decreased 11.7% YoY to ¥ 50.5 billion due to the impact of the global economic downturn.
- ❑ Taking this harsh environment as an opportunity for further strengthening of the corporate structure, We achieved following profits through strong “synergy realization” and “Selection and Concentration”(Assets and Business portfolio) with a motto of “Agility”

Operating profit ¥ 7.7 billion (9M 2018 ¥ 7.8 billion)

EBIT ¥ 7.1 billion (9M 2018 ¥ 6.9 billion)

Net profit ¥5.0 billion (9M 2018 ¥ 5.4 billion)

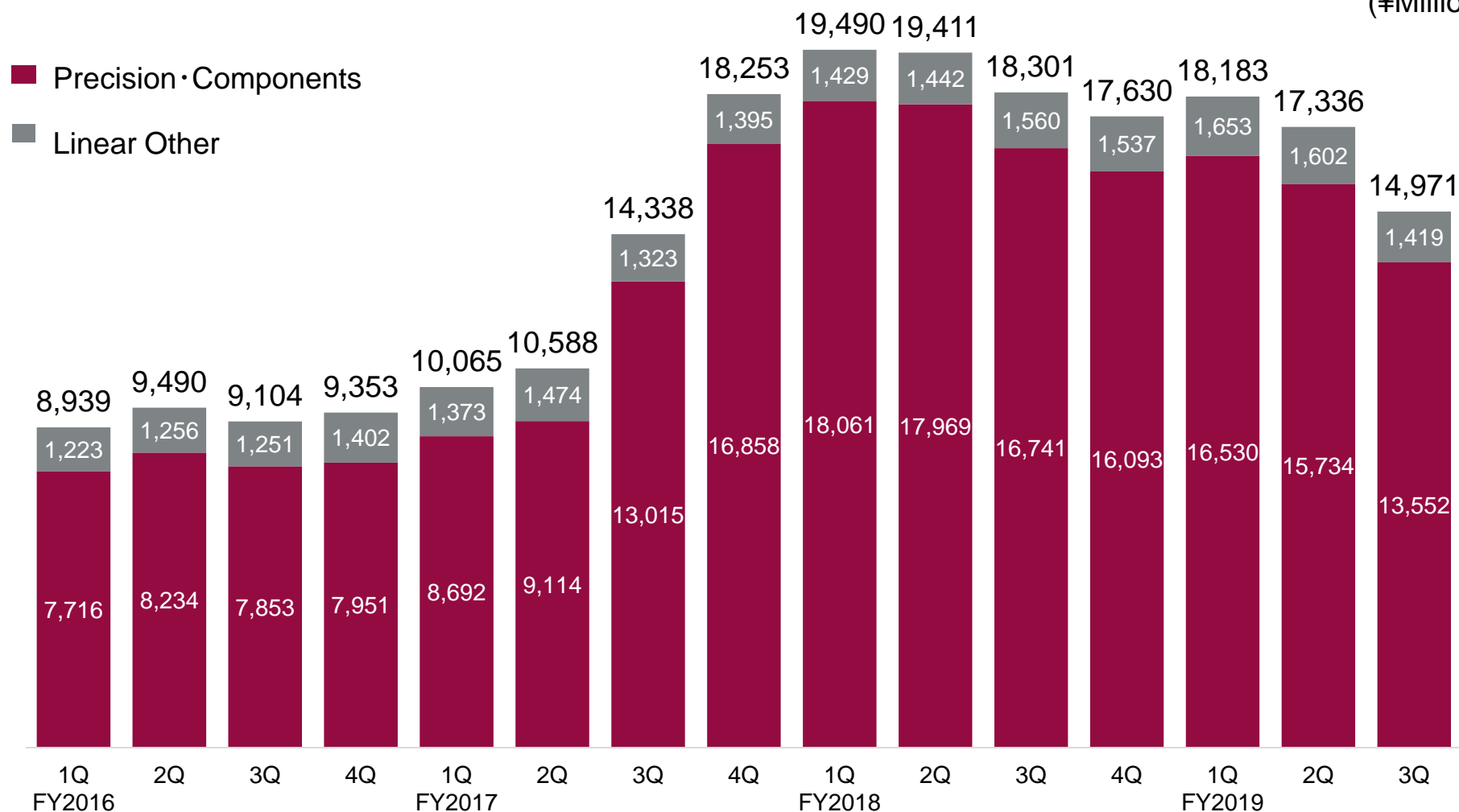
- ❑ Although the macroeconomic uncertainty is likely to continue, cash management is progressing well. We will keep the annual dividend of 81 yen/share (year-end 41 yen/share).



Sales by Quarter

Sales declined in 3Q FY2019 due to the continued global economic downturn

(¥Million)





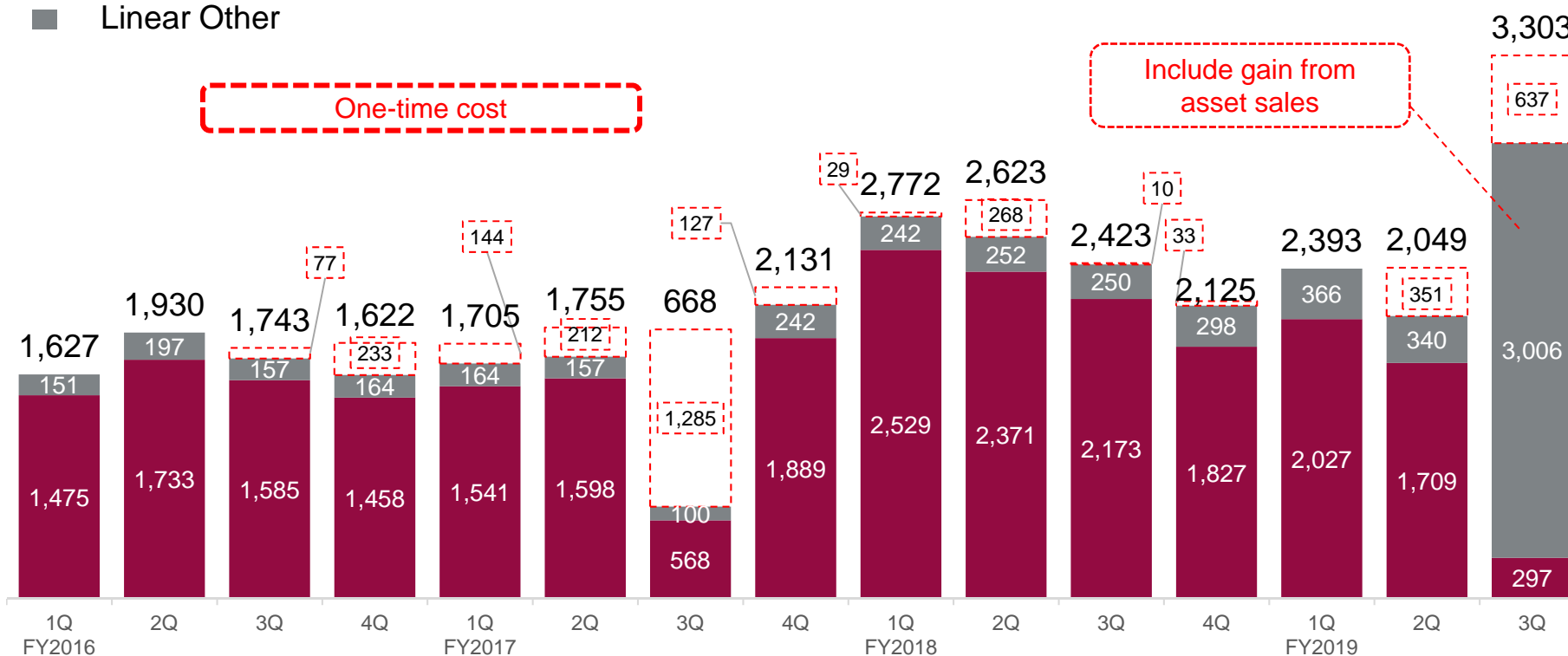
Operating profit by quarter

Recorded one-time cost related to restructuring, but gain from asset sales resulted in an increase in Operating profit

(¥Million)

■ Precision Components

■ Linear Other



*Roller business restructuring cost in 2Q and 3Q 2019, External investigation Committee related costs in 1-4Q 2018

3Q FY2019 Consolidated results

YoY



Sales excludes FX impact decreased of 8.3% YoY, but operating profit increased 0.9% to ¥ 7.7 billion

(¥Million)

	9M 2018	9M 2019			
	Actual	Actual	FX impact	Inc/dec (*2)	Inc/dec% (*2)
Sales	57,202	50,490	▲1,980	▲4,732	▲8.3%
Operating profit	7,817	7,745	▲143	71	0.9%
OP%	13.7%	15.3%	—	—	—
EBITDA	10,323	10,272	▲249	198	1.9%
EBIT	6,938	7,071	▲168	301	4.3%
Net profit(*1)	5,441	5,033	▲120	▲288	▲5.3%

(*1)“Net profit” on this slide refers to “Profit attributable to owners of the parent”

(*2)“Inc/dec” and “Inc/dec%” exclude “FX impact”

3Q FY2019 Segment/Region Sales

YoY



Linear and Other sales increased strongly, it increased 6.3% exclude FX impact

(¥Million)

	9M 2018	9M 2019			
	Actual	Actual	FX impact	Inc/dec (*1)	Inc/dec% (*1)
Consolidated	57,202	50,490	▲1,980	▲4,732	▲8.3%
Precision Components	52,771	45,816	▲1,946	▲5,009	▲9.5%
Japan	10,021	8,525	—	▲1,496	▲14.9%
North America	11,414	10,493	▲45	▲876	▲7.7%
Europe	21,005	17,490	▲1,341	▲2,174	▲10.4%
Asia	10,331	9,308	▲561	▲462	▲4.5%
Linear and Other	4,431	4,674	▲34	277	6.3%

*Precision Components includes Precision Balls, rollers and stamped metals businesses.

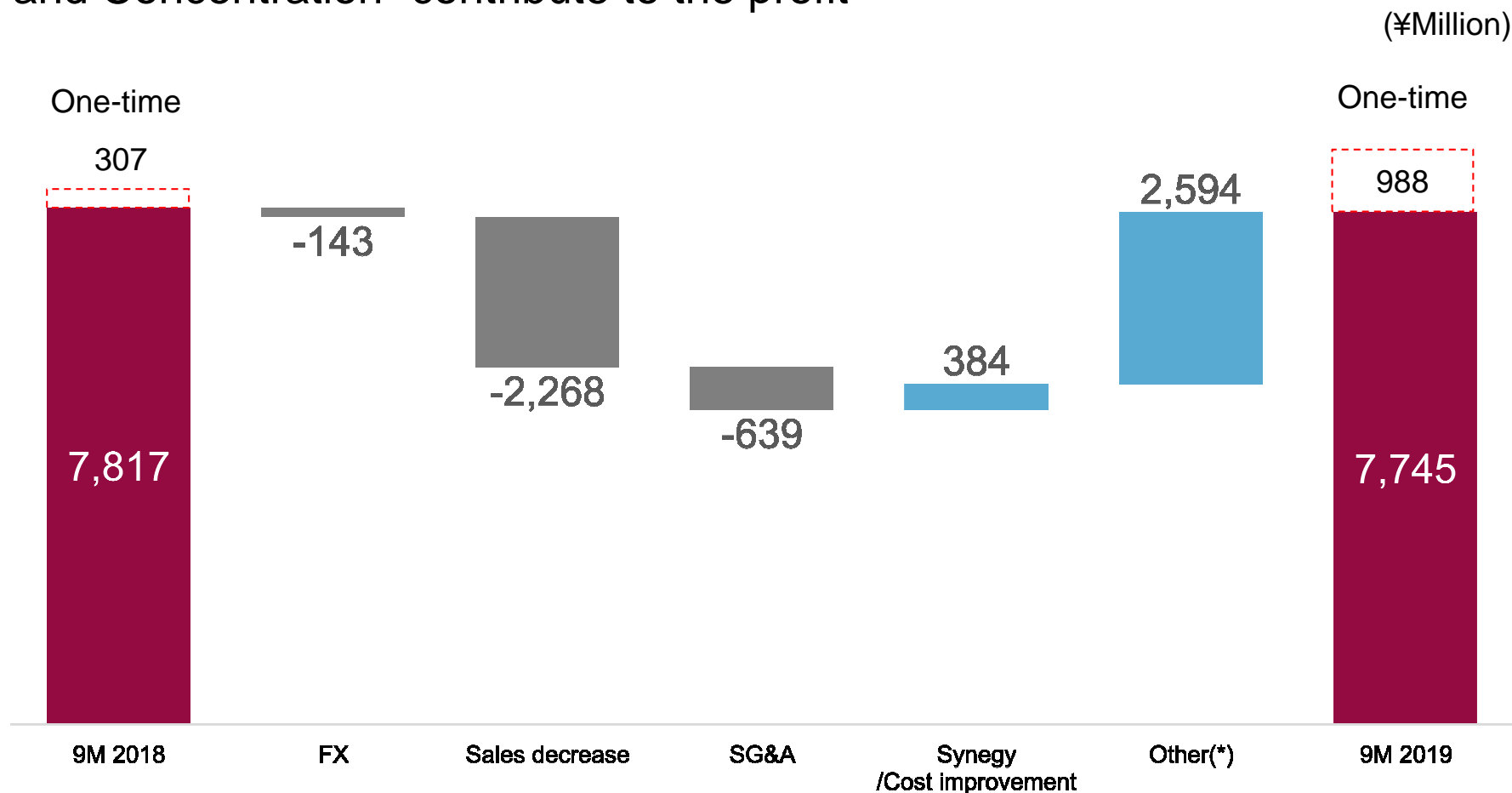
(*1)“Inc/dec” and “Inc/dec%” exclude “FX impact”

3Q FY2019 Operating profit bridge

YoY



Synergy realization is ahead of schedule. Asset sales as part of “Selection and Concentration” contribute to the profit



* As One-time cost, “Expenses related External investigation Committee etc. in 9M 2018 , and “Restructuring related expenses” in 9M 2019.

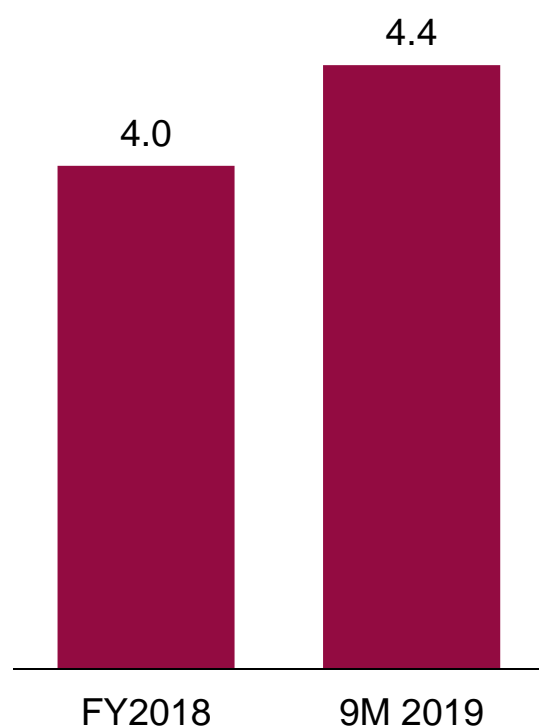
* Asset sales are included in “Other”

BS/CF



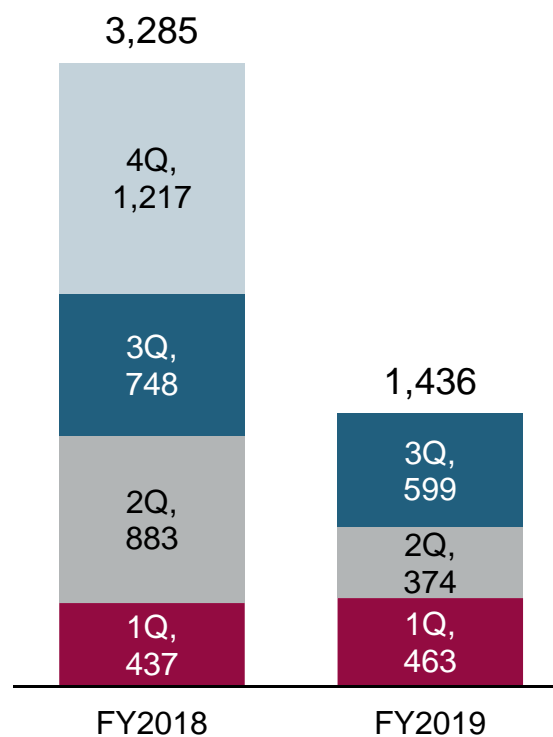
Inventory Turn-over (months)

Increased due to a decrease in sales. Promote further improvements



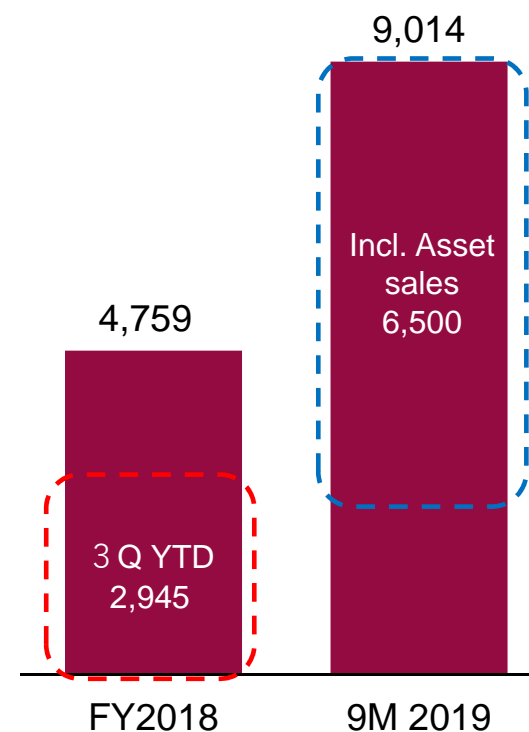
CAPEX(¥ million)

Prioritize IT, quality and maintenance, but postpone capacity expansion



Free CF (¥Million)

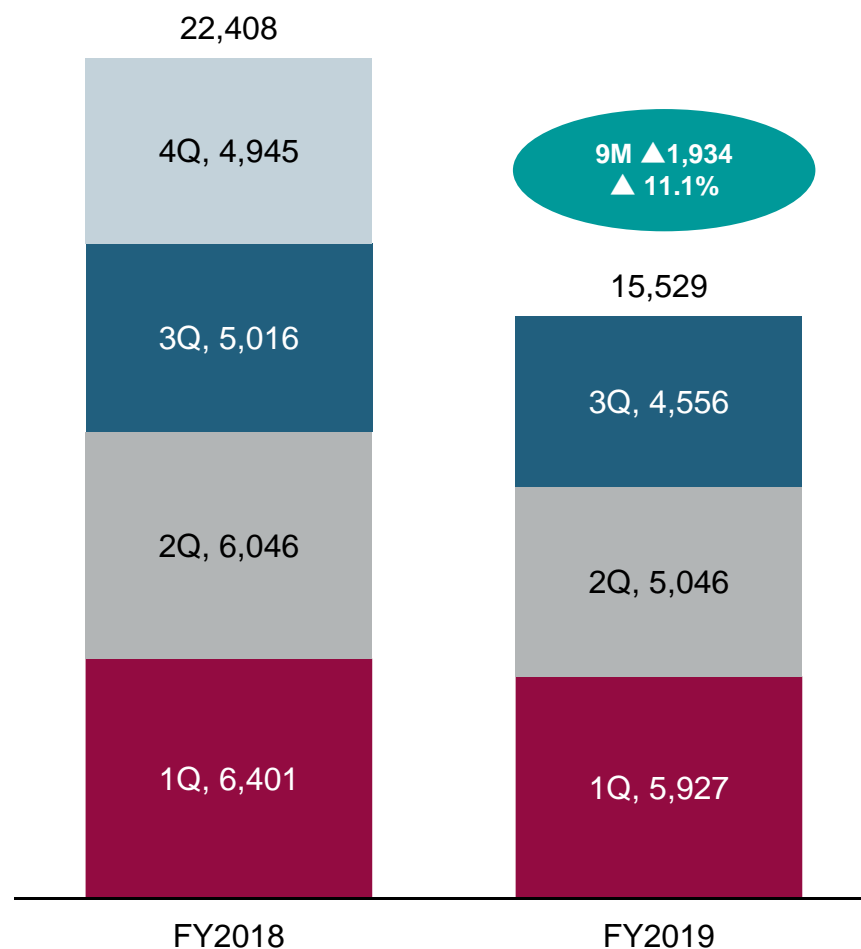
Strengthen cash management with the mind of future growth



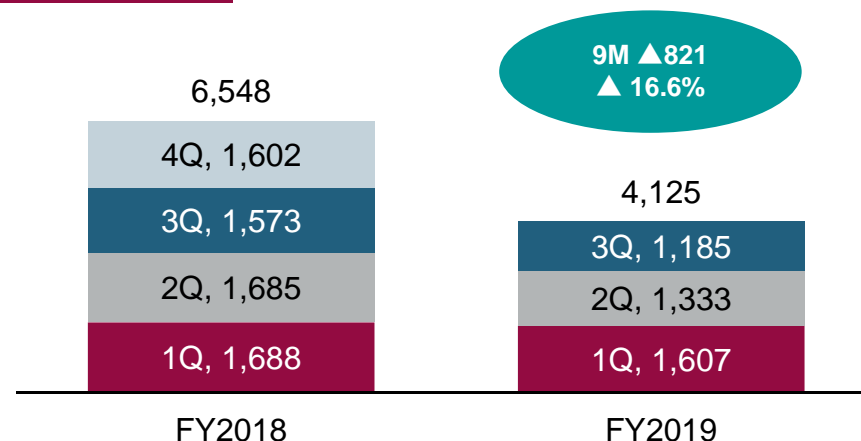
3Q FY2019 Sales initiatives



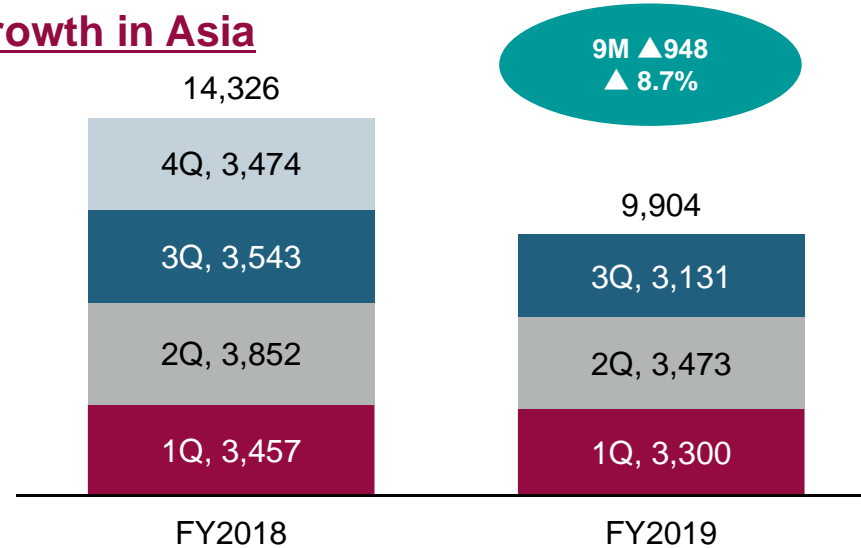
Non-Japanese Customers



Ceramic balls



Growth in Asia





2. FY2019 REVISED FORECAST



FY2019 Revised forecast

Revised due to the deterioration of the macro economy and expected weak recovery. We will keep the annual dividend as planned of 81 Yen/share (year-end 41Yen/share)

(¥Million)

	Previous	Revised	Inc/dec	Inc/dec%
Sales	77,000	64,800	▲12,200	▲15.8%
Operating profit	11,700	8,600	▲3,100	▲26.5%
EBIT	10,900	7,600	▲3,300	▲30.3%
Net profit (*1)	8,000	5,200	▲2,800	▲35.0%
EPS (Yen)	200.40	129.56	▲70.84	▲35.3%

(*1)“Net profit” on this slide refers to “Profit attributable to owners of the parent”

The full-year exchange rates will be revised to 109 Yen per dollar (prior 110 Yen), 123 Yen per Euro (prior 130 Yen) and 1 RMB 15.9 Yen (Prior 16.6 Yen).

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