TSUBAKI NAKASHIMA CO.,LTD.

1H FY2019 Results Presentation

August 8, 2019

Tsubaki Nakashima Co, Ltd.

(TSE 6464)

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Introduction

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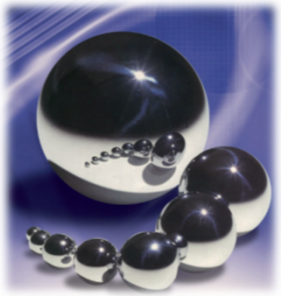
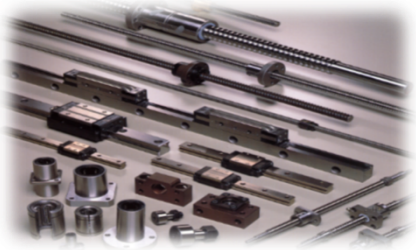


One ball, One heart

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.

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1 . 1H FY2019 RESULTS

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Highlights for 1H FY2019

- Although the macroeconomy in 1H 2019 remained weak due to the global economic downturn, our sales remained strong falling only 1.1% from 2H 2018 to 35.5 billion yen.
- Operating profit decreased 2.3% compared to 2H 2018 to 4.4 billion yen due to the synergy realization and cost improvements.
- The macro economy in 2H 2019 is likely to remain uncertain, but we will keep the annual dividend of 81 yen/share and the interim dividend of 40 yen/share.

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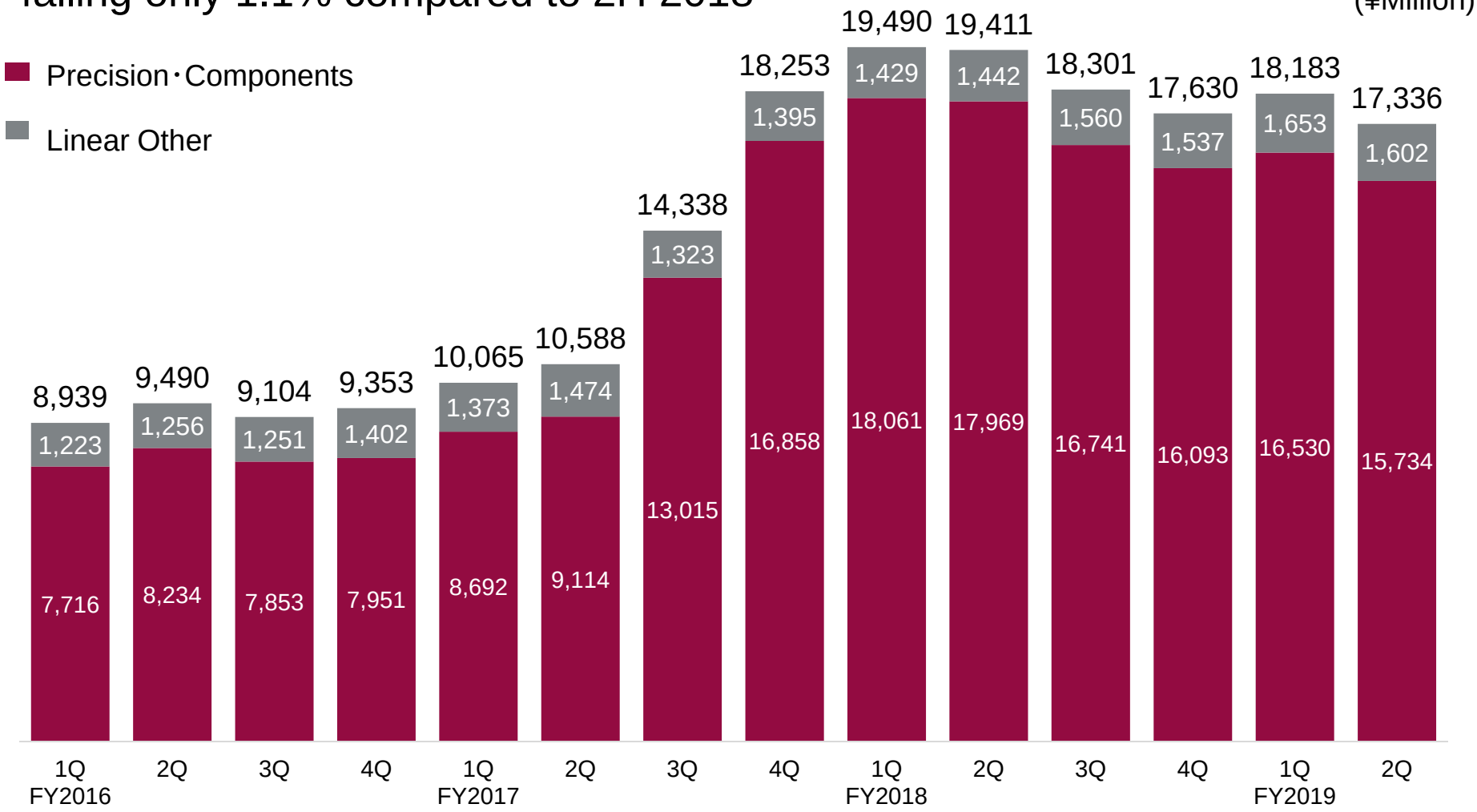
Sales by Quarter

Despite the global economic downturn, 1H 2019 sales remained strong falling only 1.1% compared to 2H 2018



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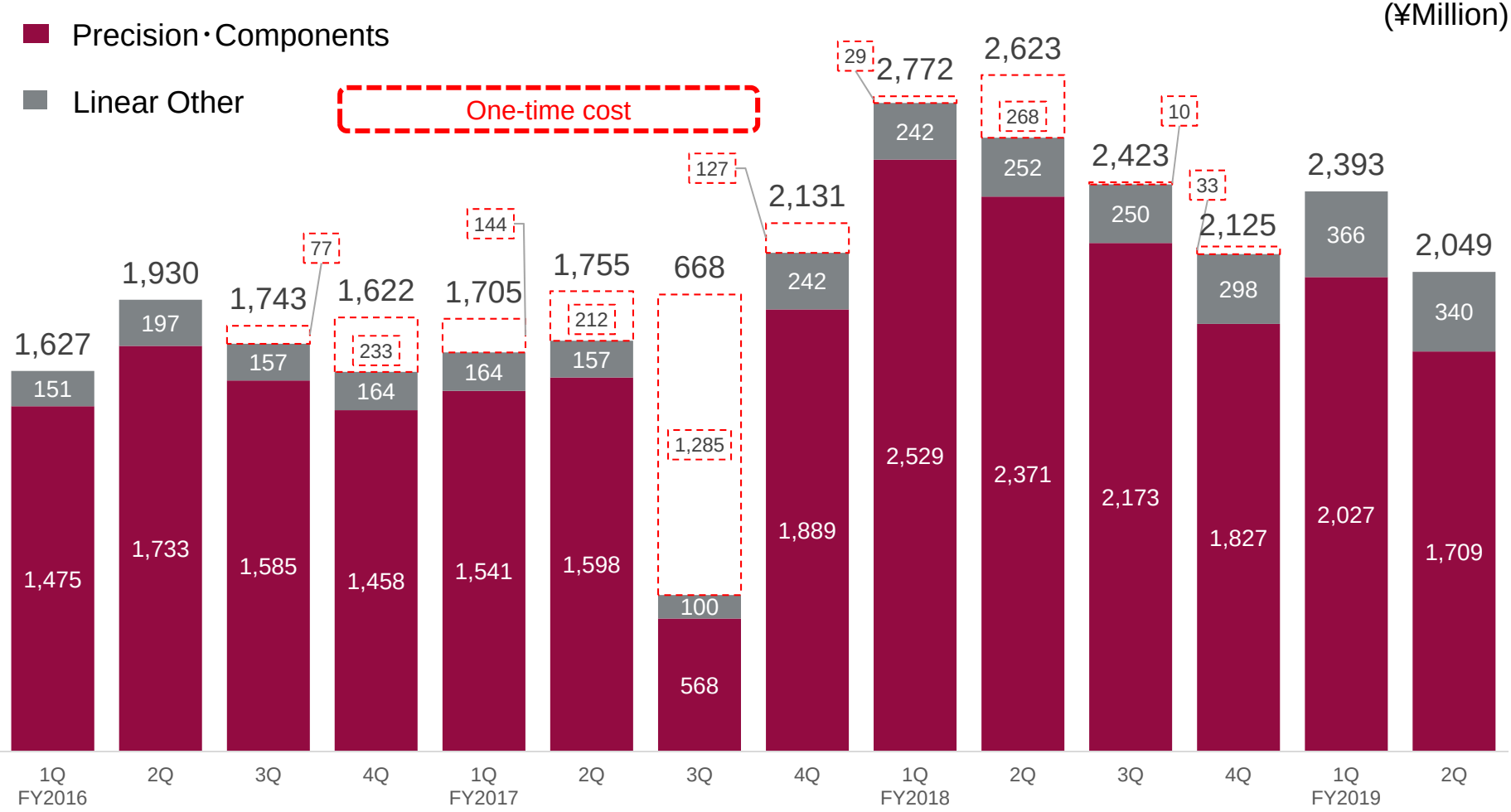
Operating profit by Quarter

1H 2019 OP was down 2.3% compared to 2H 2018 due to synergy and cost improvements

(¥Million)



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1H FY2019 Consolidated results
vs 2H FY2018

Despite the global economic downturn, Sales decreased 1.1% and OP decreased 2.3% compared with 2H 2018

(¥Million)

	2018 2H	2019 1H		
	Actual	Actual	Inc/dec	Inc/dec%
Sales	35,931	35,519	▲412	▲1.1%
Operating profit	4,548	4,442	▲106	▲2.3%
OP%	12.7%	12.5%	–	–
EBITDA	6,090	6,148	57	0.9%
EBIT	3,984	3,936	▲48	▲1.2%
Net profit(*1)	3,306	2,868	▲438	▲13.2%

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

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1H FY2019 Segment/Region Sales

vs 2H FY2018

Precision component segment was down 1.7% compared to 2H 2018, while the Linear and Other segment were up 5.1%.

(¥Million)

	FY2018 2H	FY2019 1H		
	Actual	Actual	Inc/dec	Inc/dec%
Consolidated	35,931	35,519	▲412	▲1.1%
Precision Components	32,834	32,264	▲570	▲1.7%
Japan	6,611	6,014	▲596	▲9.0%
North America	7,394	7,313	▲81	▲1.1%
Europe	12,174	12,545	371	3.0%
Asia	6,655	6,392	▲263	▲3.9%
Linear and Other	3,097	3,255	158	5.1%

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

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1H FY2019 Consolidated results
vs 1H FY2018

(¥Million)

	2018 1H	2019 1H			
	Actual	Actual	FX impact	Inc/dec (*2)	Inc/dec% (*2)
Sales	38,901	35,519	▲1,110	▲2,272	▲5.8%
Operating profit	5,394	4,442	▲116	▲836	▲15.5%
OP%	13.9%	12.5%	–	–	–
EBITDA	7,131	6,148	▲176	▲807	▲11.3%
EBIT	4,840	3,936	▲114	▲790	▲16.3%
Net profit(*1)	3,513	2,868	▲45	▲600	▲17.1%

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

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

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1H FY2019 Segment/Region Sales
vs 1H FY2018

(¥Million)

	FY2018 1H	FY2019 1H			
	Actual	Actual	FX impact	Inc/dec (*1)	Inc/dec% (*1)
Consolidated	38,901	35,519	▲1,110	▲2,272	▲5.8%
Precision Components	36,030	32,264	▲1,090	▲2,676	▲7.4%
Japan	6,778	6,014	—	▲764	▲11.3%
North America	7,662	7,313	91	▲440	▲5.8%
Europe	14,617	12,545	▲836	▲1,236	▲8.4%
Asia	6,973	6,392	▲345	▲236	▲3.4%
Linear and Other	2,871	3,255	▲20	404	14.1%

*Precision Components includes Precision Balls, rollers and stamped metals businesses.
(*1)“Inc/dec" and “Inc/dec%" exclude “FX impact”

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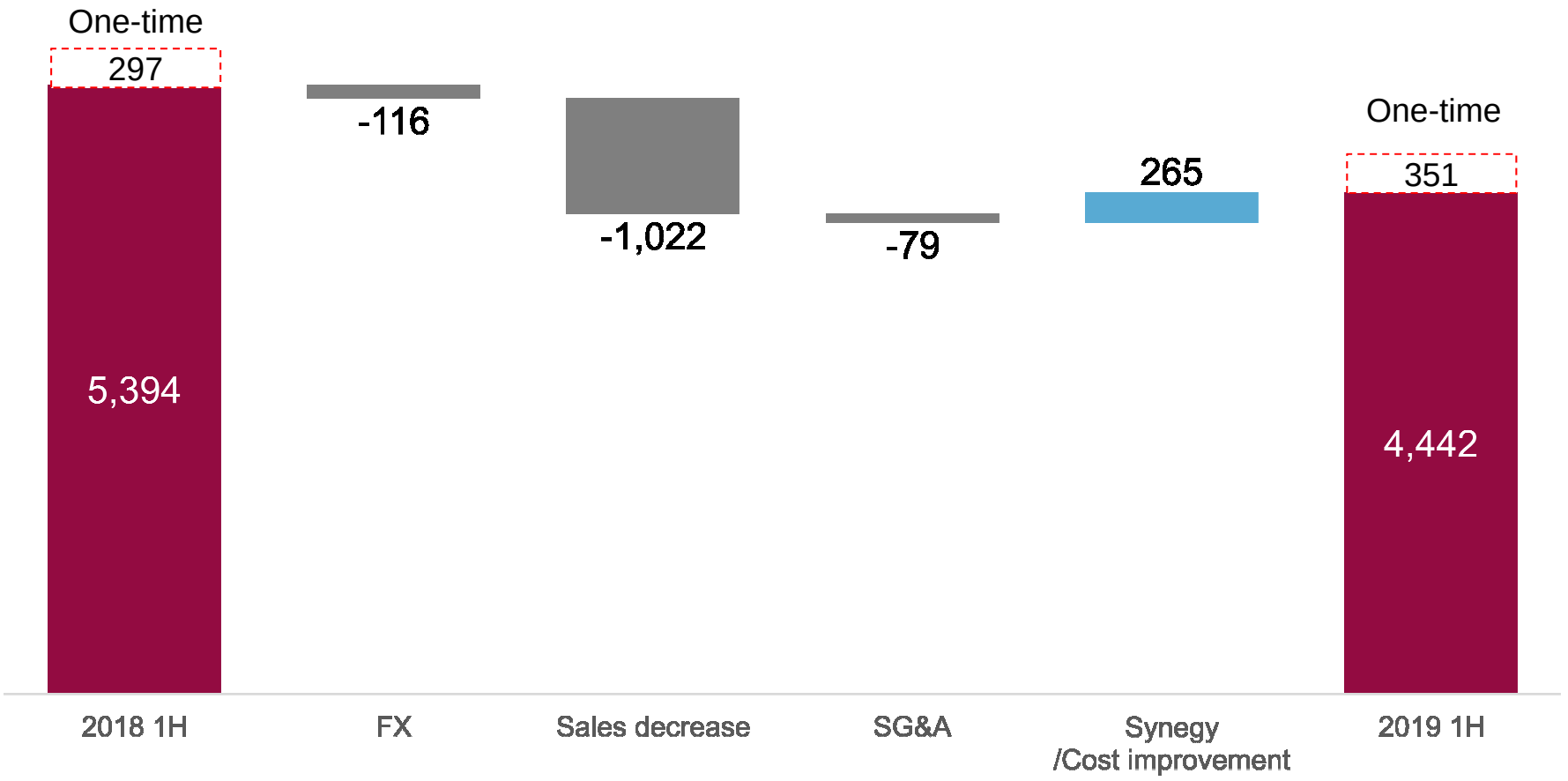
1H FY2019 Operating profit bridge
vs 1H FY2018

The Synergy effect has contributed to the operating profit

(¥Million)



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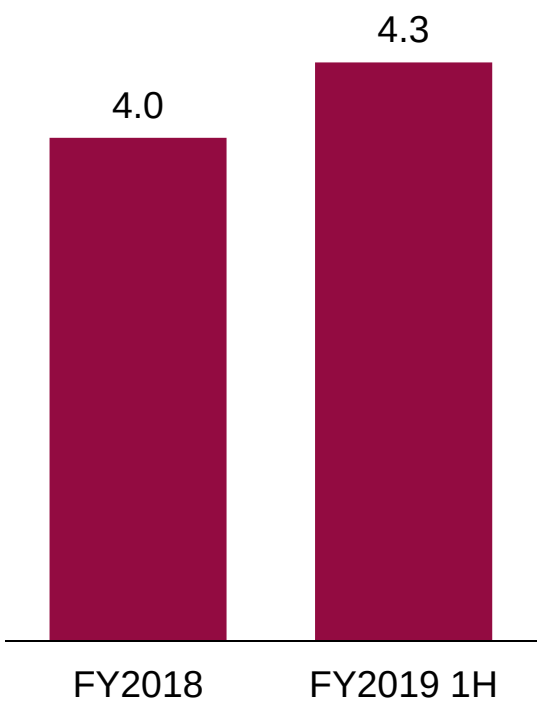
BS/CF

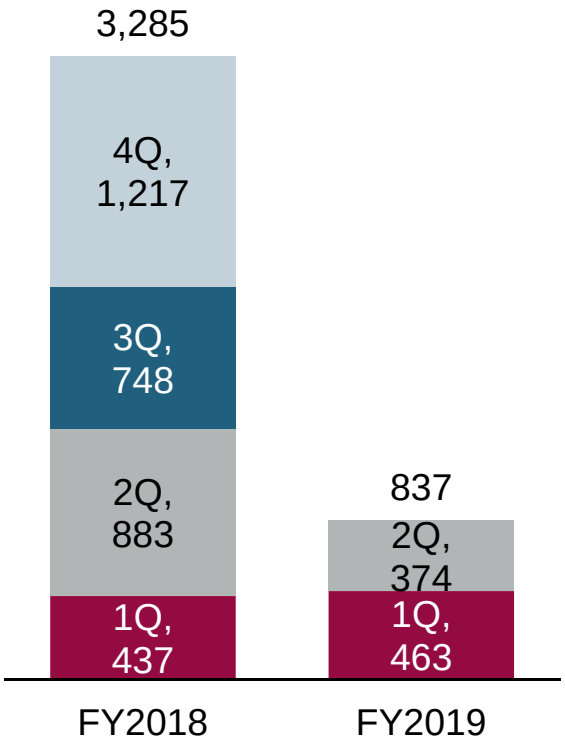
Inventory Turn-over (months)

Promote significant inventory reduction to improve turnover



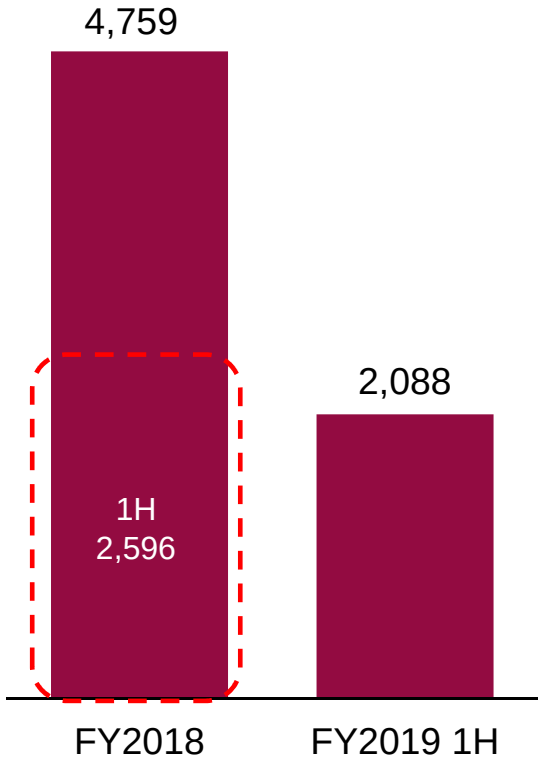
CAPEX(¥ million)

- IT investments in US and China
- Prioritization of CAPEX



Free CF (¥Million)

Promote reinforcement of cash management and maintain stable FCF



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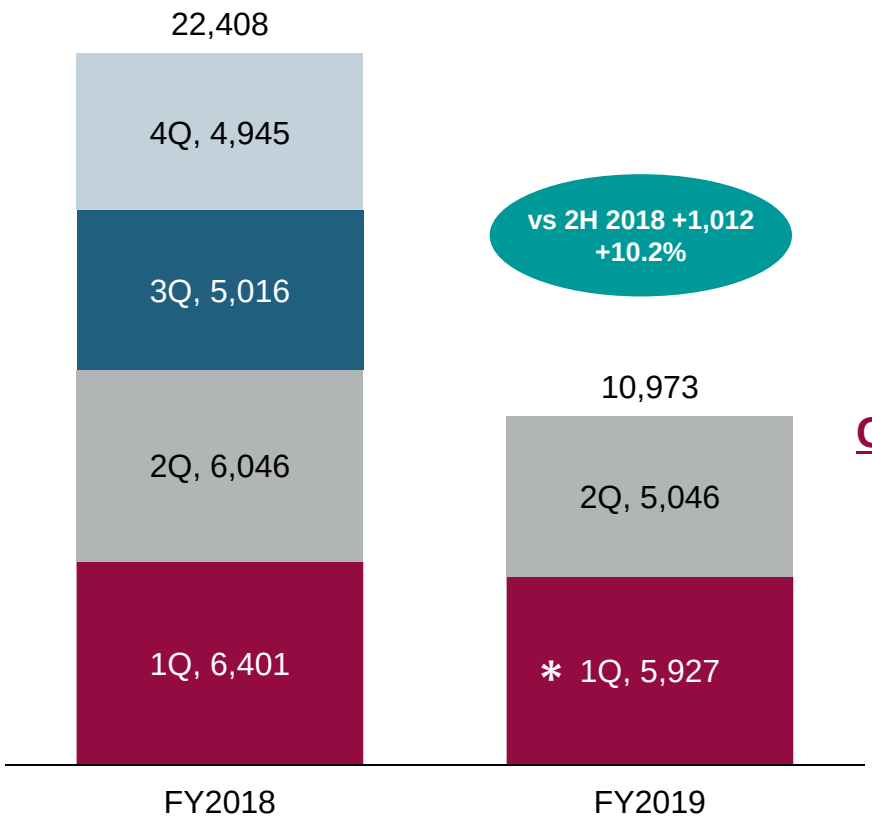
1H FY2019 Sales initiatives

Sales increased 10.2% compared with 2H 2018 in “Non-Japanese Customers”

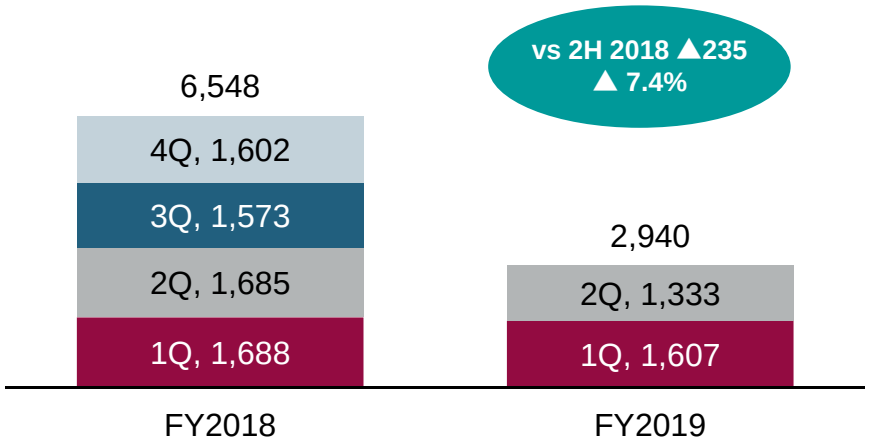
(¥Million)

Non-Japanese Customers

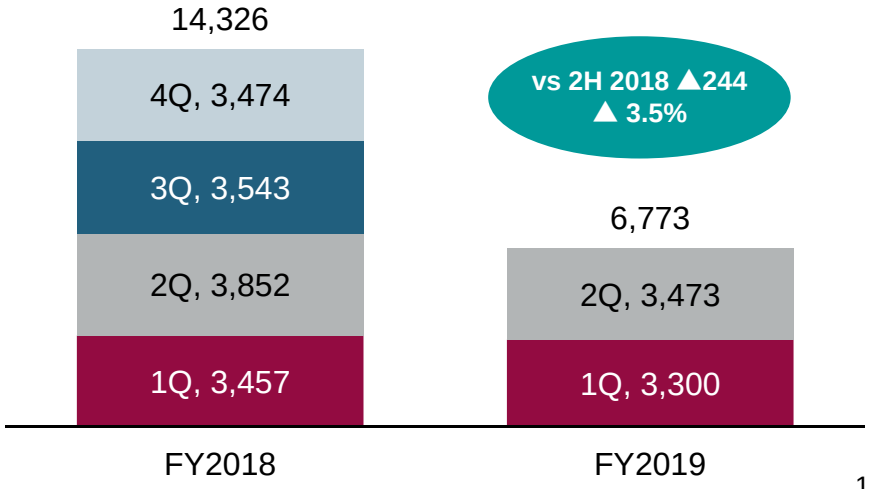


*Revised retrospectively for 1Q 2019.
(Prior: 5,652 ⇒Correct: 5,927)

Ceramic balls



Growth in Asia



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