TSUBAKI NAKASHIMA CO.,LTD.

FY2019 Results Presentation

February 12, 2020

Tsubaki Nakashima Co, Ltd.

(TSE 6464)

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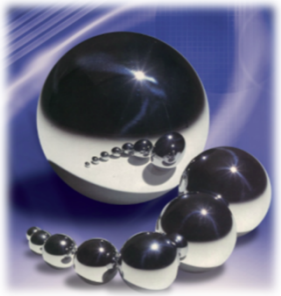
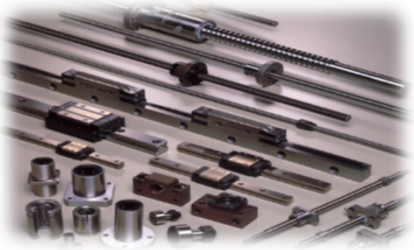


One ball, One heart

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.

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1 . FY2019 RESULTS

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Highlights

Macro economy deteriorated and Sales fell in line with the macro impact

Sales

- Sales were ¥64.6 billion due to adverse macroeconomic conditions （Excluding FX impact, YoY▲10.6%）
- Sales in Asia and Ceramic balls sales in Q4 2019 were higher than last quarter

Profits

Operating profit was ¥8.1 billion
(Excluding FX impact, YoY▲15.4%）

Dividend

We will keep the annual dividend of 81 yen/share (year-end 41 yen/share) due to strong cash management

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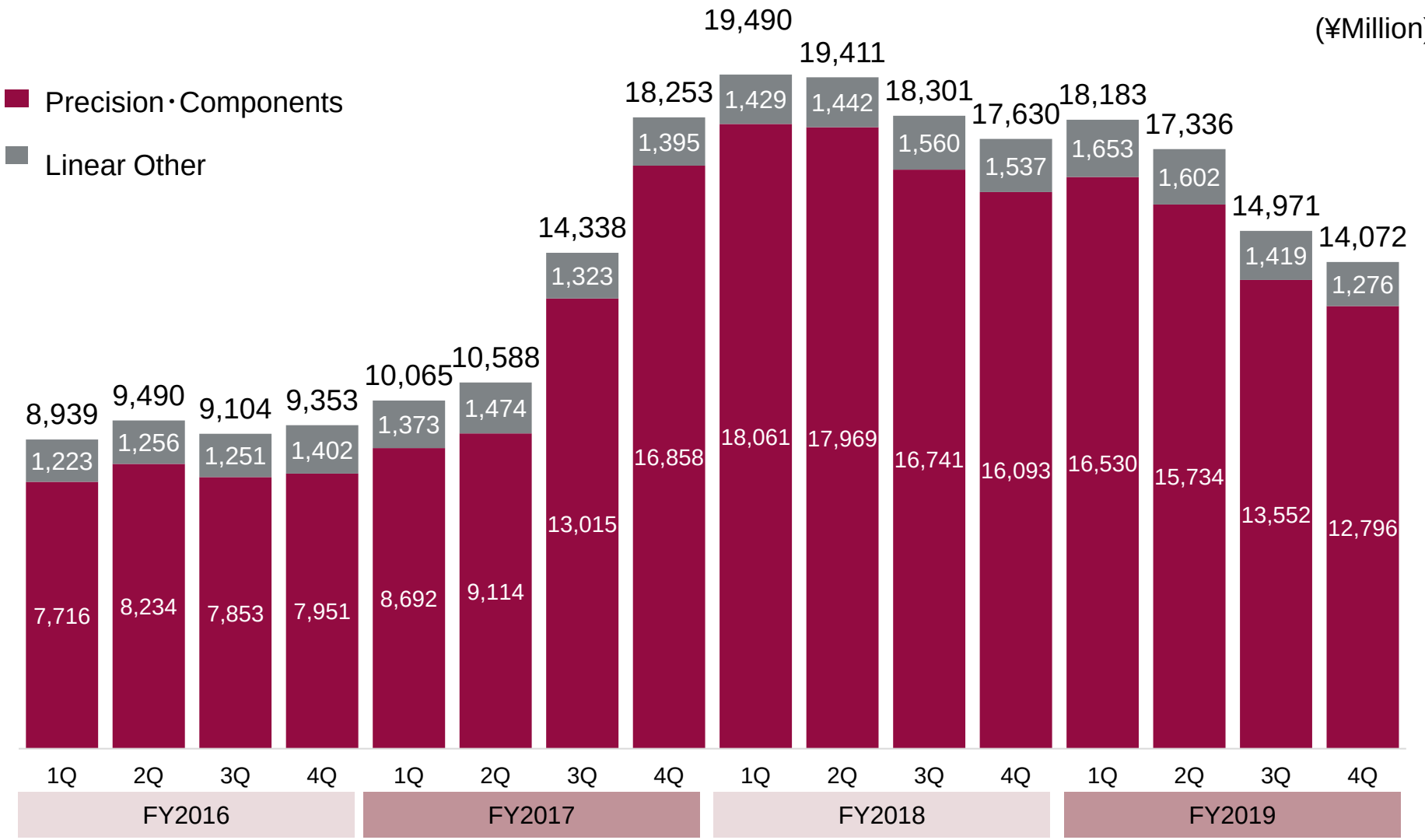
Sales by Quarter

Sales declined due to the continued global economic downturn



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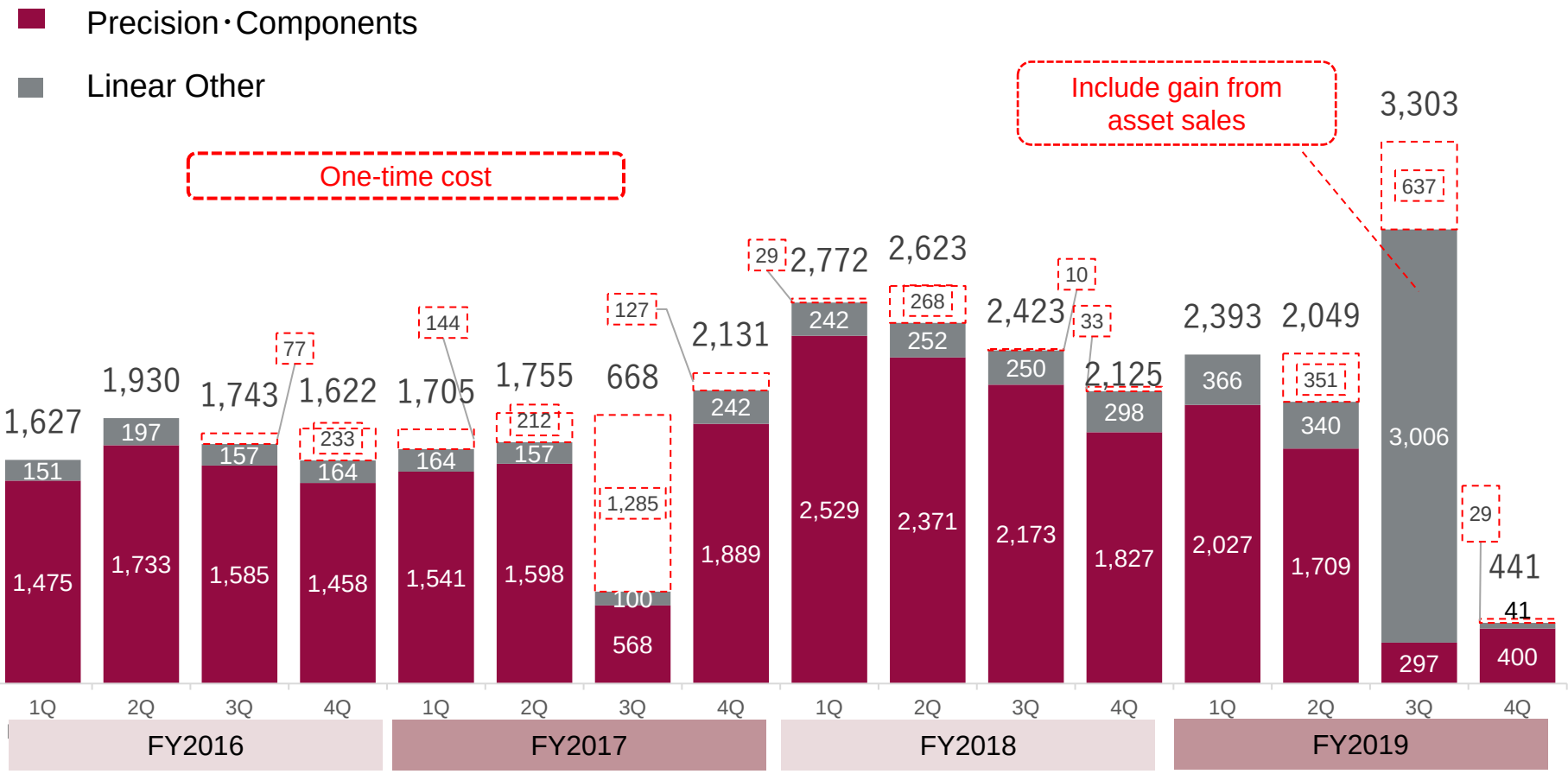
Operating profit by quarter

Quarterly operating profit reduced due to sales decline

(¥Million)



*One-time cost: Roller business restructuring cost in 2019, External investigation Committee related costs in 2018

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FY2019 Consolidated results

Excluding FX impact, Sales decreased 10.6%, Operating profit decreased 15.4%

(¥Million)

	FY2018	FY2019			
	Actual	Actual	FX impact	Inc/dec (*1)	Inc/dec% (*1)
Sales	74,832	64,563	▲2,368	▲7,901	▲10.6%
Operating profit	9,942	8,186	▲221	▲1,535	▲15.4%
OP%	13.3%	12.7%	–	–	–
EBITDA	13,221	11,538	▲360	▲1,323	▲10.0%
EBIT	8,824	7,214	▲220	▲1,390	▲15.8%
Net profit	6,819	4,891	▲179	▲1,749	▲25.6%

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

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FY2019 Segment/Region Sales

Asian market is starting to bottom out

(¥Million)

	FY2018	FY2019			
	Actual	Actual	FX impact	Inc/dec (*1)	Inc/dec% (*1)
Consolidated	74,832	64,563	▲2,368	▲7,901	▲10.6%
Precision Components	68,864	58,615	▲2,338	▲7,911	▲11.5%
Japan	13,389	11,049	—	▲2,340	▲17.5%
North America	15,056	13,045	▲165	▲1,846	▲12.3%
Europe	26,790	22,053	▲1,517	▲3,220	▲12.0%
Asia	13,628	12,468	▲656	▲504	▲3.7%
Linear and Other	5,968	5,948	▲30	10	0.2%

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

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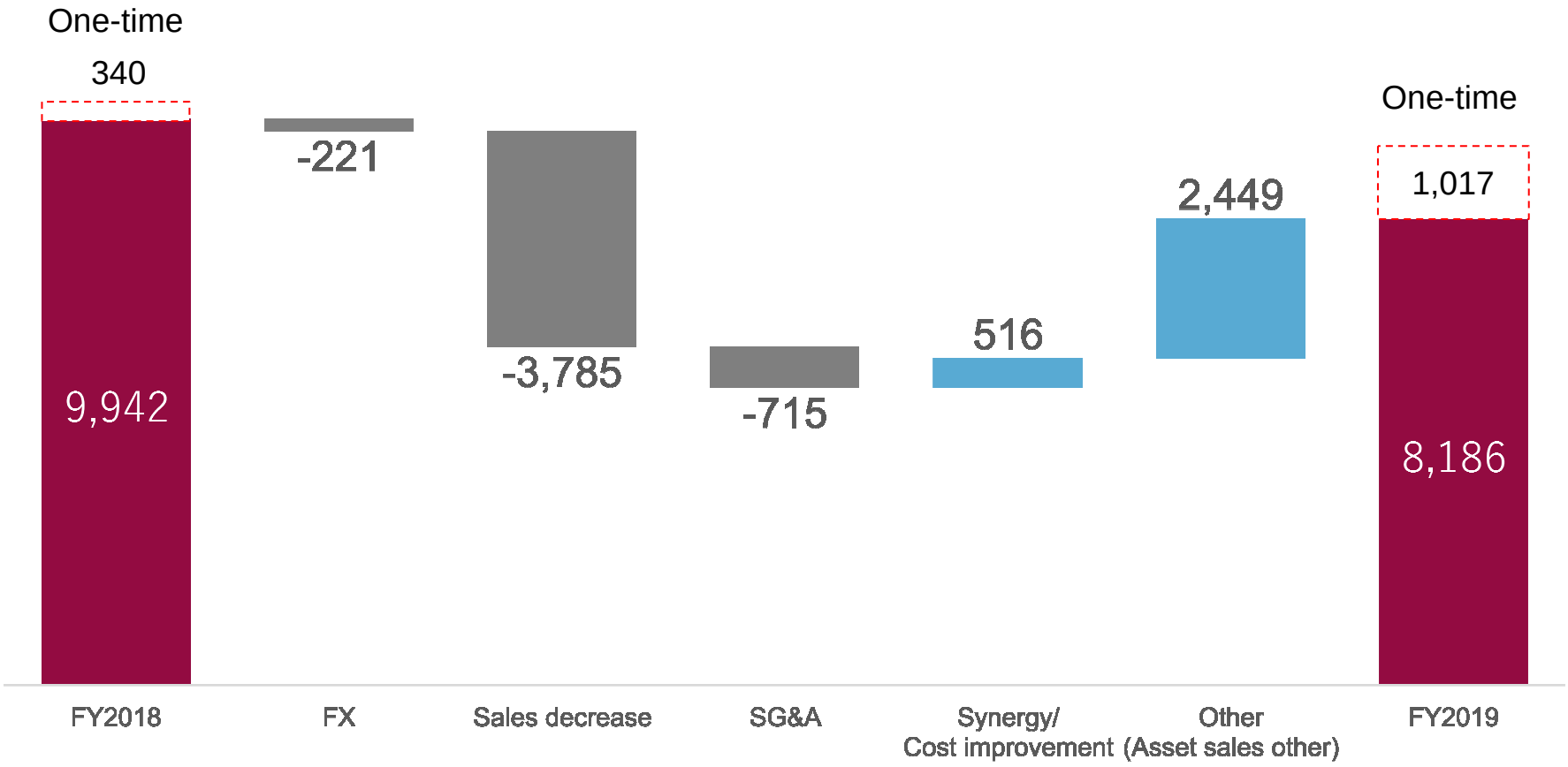
FY2019 Operating profit bridge

Synergy realization achieved as planned. Asset sales as part of “Rationalization and focus on core business ” contribute to the profit.

(¥Million)



*One-time cost: Roller business restructuring cost in 2019, External investigation Committee related costs in 2018

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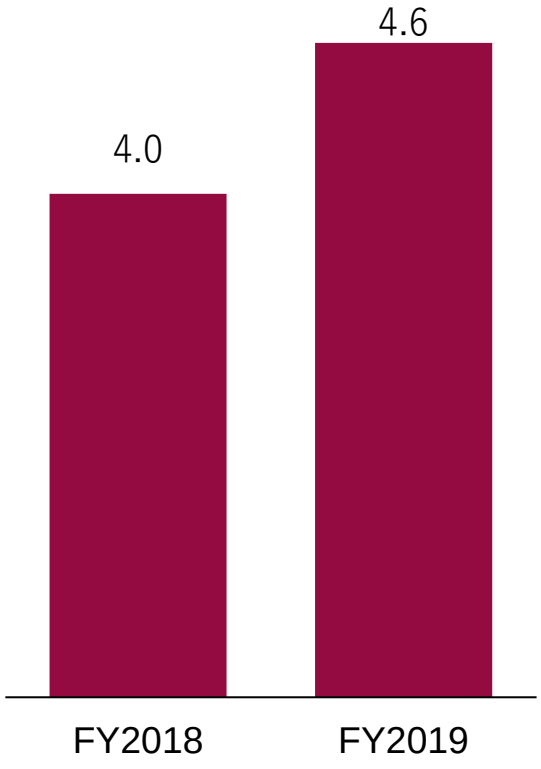
BS/CF

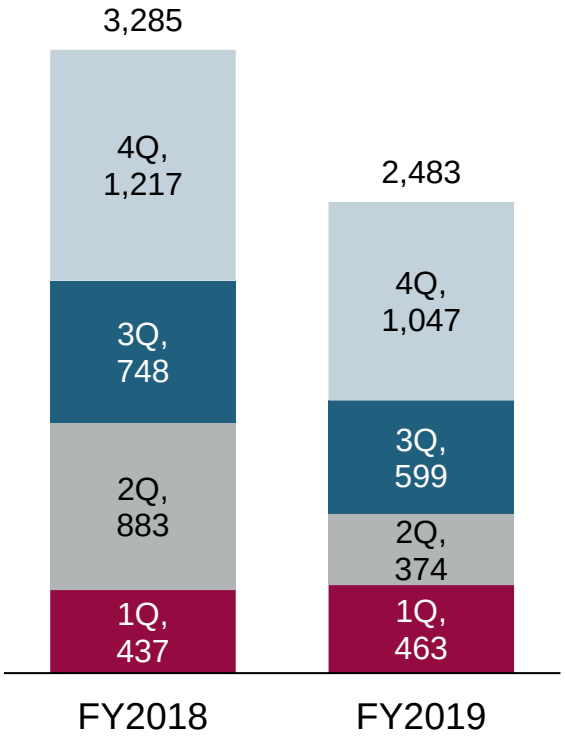
Inventory Turn-over (months)

Increased due to a decrease in sales. Promote activities to improve



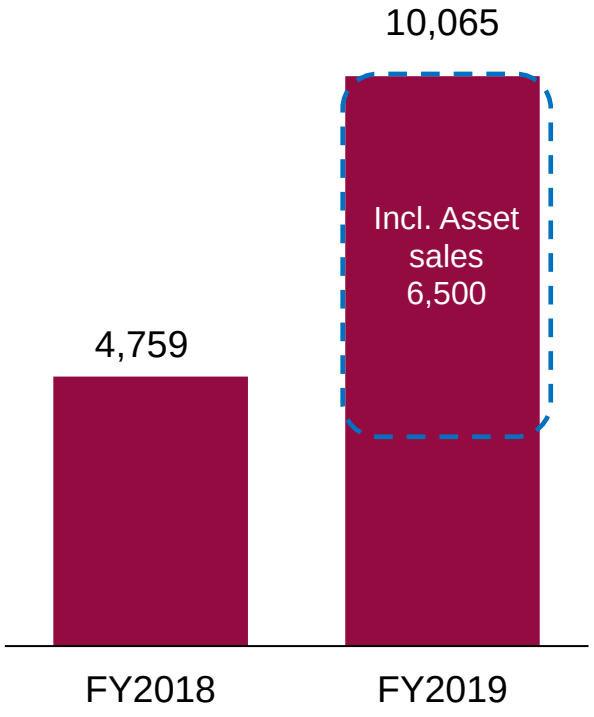
CAPEX(¥ million)

Prioritize IT, quality and maintenance, but postpone capacity expansion



Free CF (¥Million)

Strengthen cash management for strong BS and future growth



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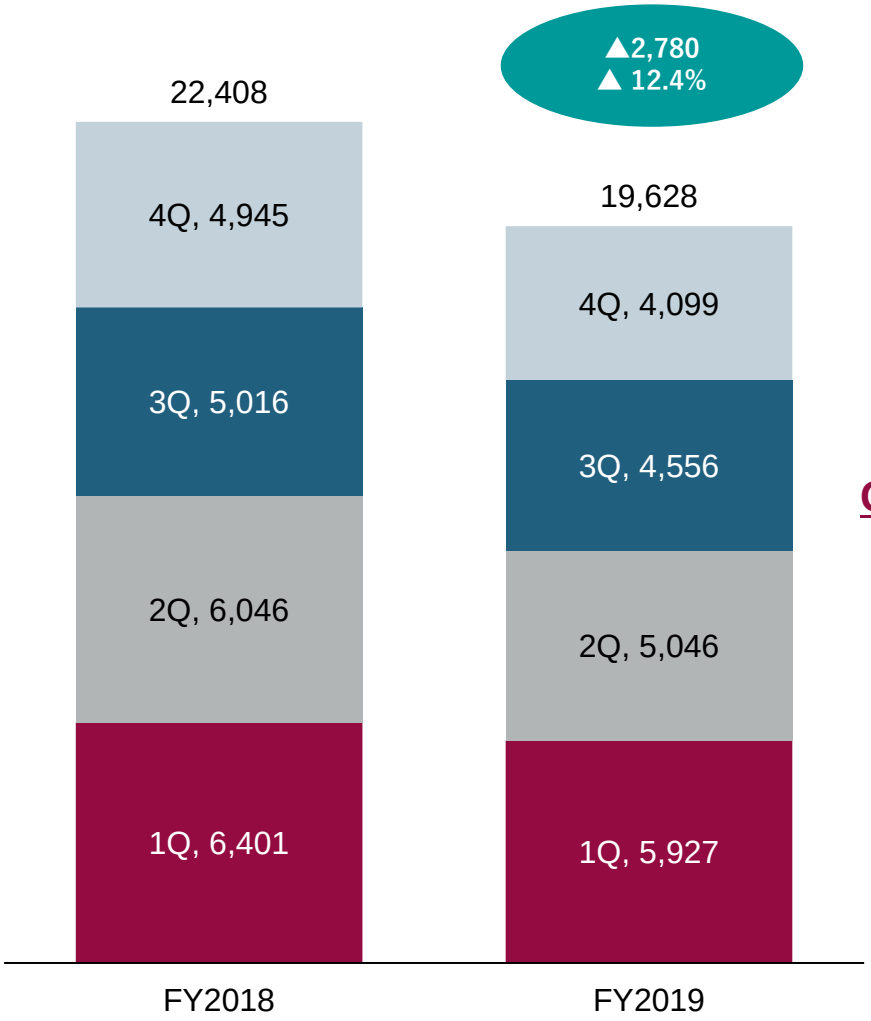
FY2019 Sales initiatives

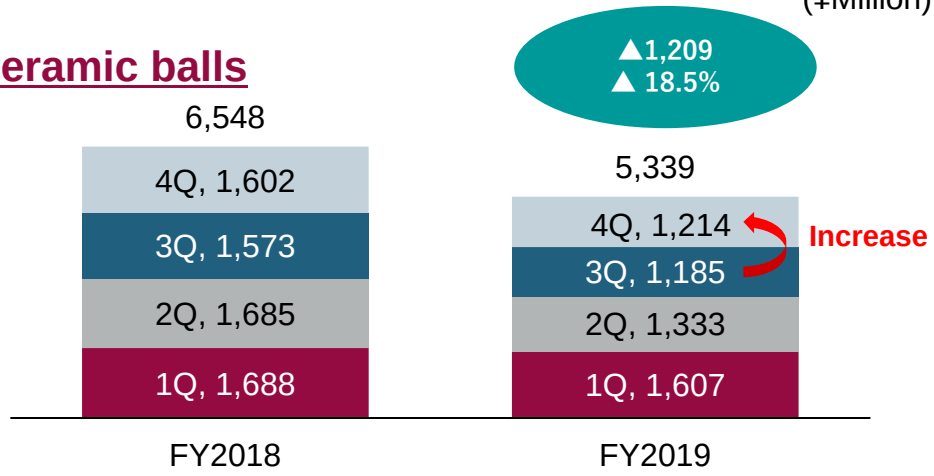
Sales of Ceramic balls and Sales in Asia increased on QoQ basis

(¥Million)

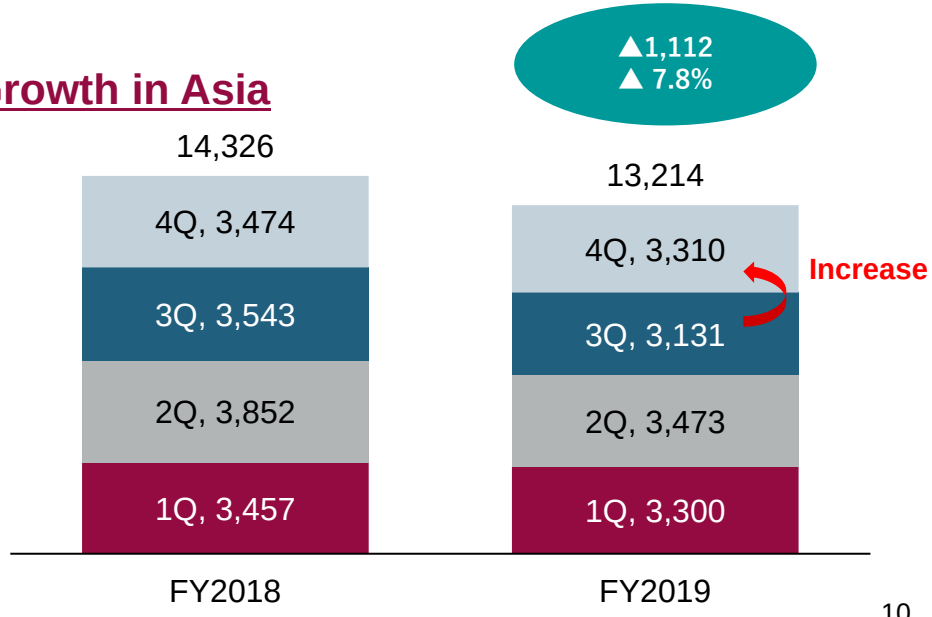
Non-Japanese Customers



Ceramic balls



Growth in Asia



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2. FY2020 GUIDANCE

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FY2020 Management policy 1/2

【Key axis】

Growth Strategies

Sales growth

- Discover new application of existing products and expand sales
- New products
- New markets

Margin improvement

- Product improvement
  （Feature improvement, New application）
- Production process improvement
- Optimization of the production base

✓Keep sales in 2020 even under the deteriorating macroeconomic, strengthen initiatives in growth areas and work on optimizing fixed costs.

✓Initiate actions to optimize production bases globally while maintaining cost improvement and synergy activities that have progressed smoothly.

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FY2020 Management policy 2/2

Sales	Sales to be 64 billion yen (down 0.9% YoY) considering the global economic environment
Profits	Aiming for substantial increase in Operating profit excluding one-time gain from sales of asset in FY2019, OP of 7.6 billion yen (down 7.2% YoY)
Shareholder return	✓ DPS ¥63/share, payout ratio 50% ✓ Share buyback（Maximum ¥500 million or 300,000 shares）

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FY2020 Guidance

(¥Million)	FY2019		FY2020			
	Actual	% of Sales	Guidance	% of Sales	Inc/dec	Inc/dec%
Sales	64,563	100.0%	64,000	100.0%	▲563	▲0.9%
Operating profit	8,186	12.7%	7,600	11.9%	▲586	▲7.2%
EBITDA	11,538	17.9%	11,000	17.2%	▲538	▲4.7%
EBIT	7,214	11.2%	6,900	10.8%	▲314	▲4.4%
Net profit	4,891	7.6%	5,100	8.0%	209	4.3%
EPS(Yen)	121.7	–	125.9	–	4.1	3.4%
DPS（Yen）	81	–	63	–	▲18	▲22.2%

Exchange rate assumption : 1USD 109Yen, 1EURO 123Yen, 1RMB 15.9Yen

（2019 Actual average rate：1USD 109.05Yen, 1Euro 122.07Yen, 1RMB 15.78Yen)

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