TSUBAKI NAKASHIMA CO.,LTD.

1Q FY2020 Results Presentation

1. 1Q FY2020 results
2. Forecast for Earnings and Dividends for FY2020

May 15, 2020

Tsubaki Nakashima Co, Ltd.

(TSE 6464)

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1. 1Q FY2020 RESULTS

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Highlights

Despite sharp deterioration in macroeconomy due to rapid spread of corona virus, we were able to achieve some positive outcomes

Sales

- Sales rose to ¥14.2 billion for the first time in three quarters
- Ceramic sales continued to increase for the second consecutive quarter

Profits

- Operating profit increased by ¥550 million from the previous quarter to ¥990 million, a significant improvement

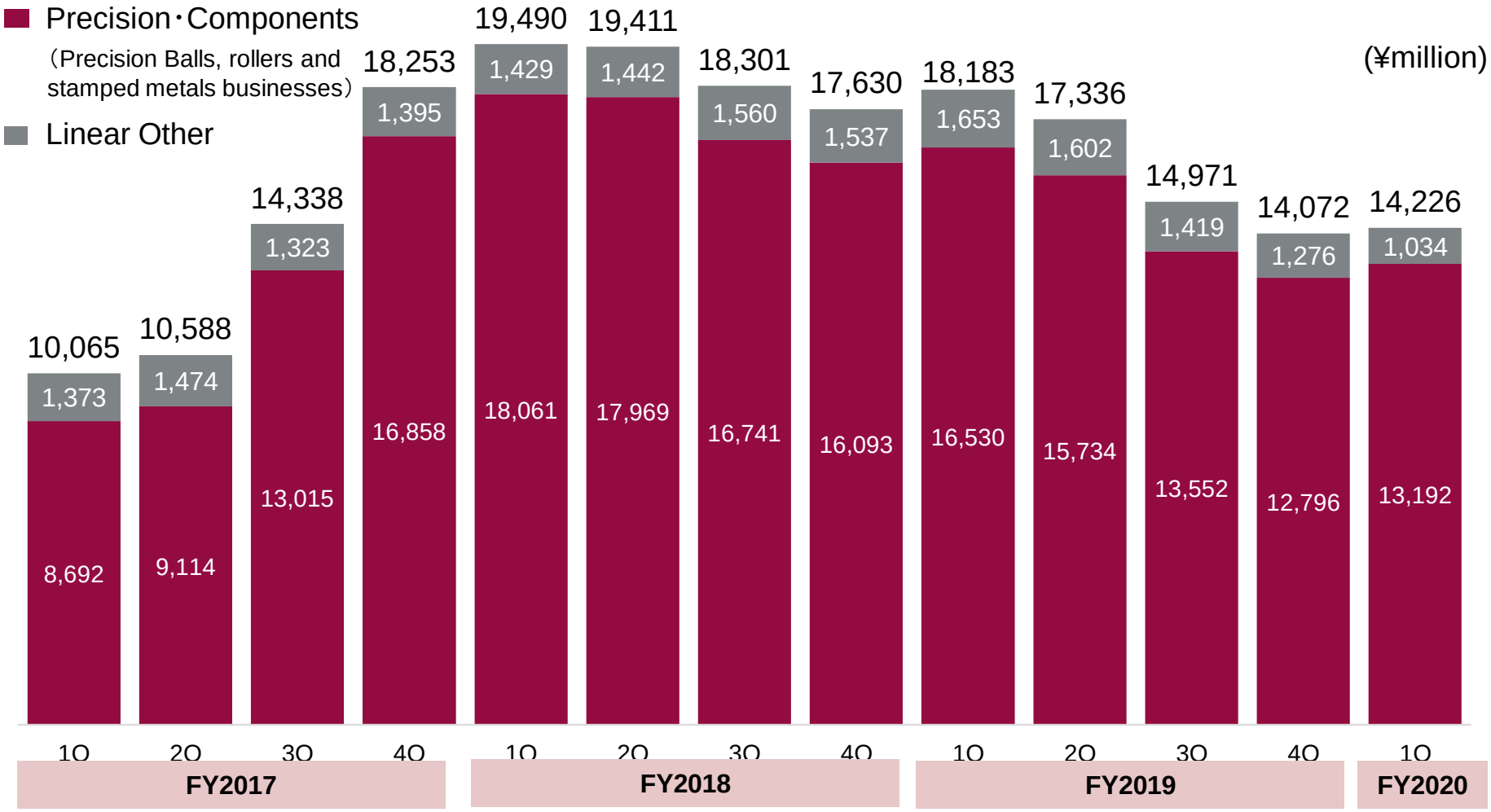
Dividend Policy

- Since the earnings forecast for FY2020 is retracted, the dividend forecast has not yet been determined
- We will maintain a dividend payout ratio of 50%, and basic policy of two payouts a year（interim and year-end）will remain unchanged

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Sales by Quarter

Sales were higher than previous quarter although macroeconomy continued to deteriorate and Covid-19 spread in China

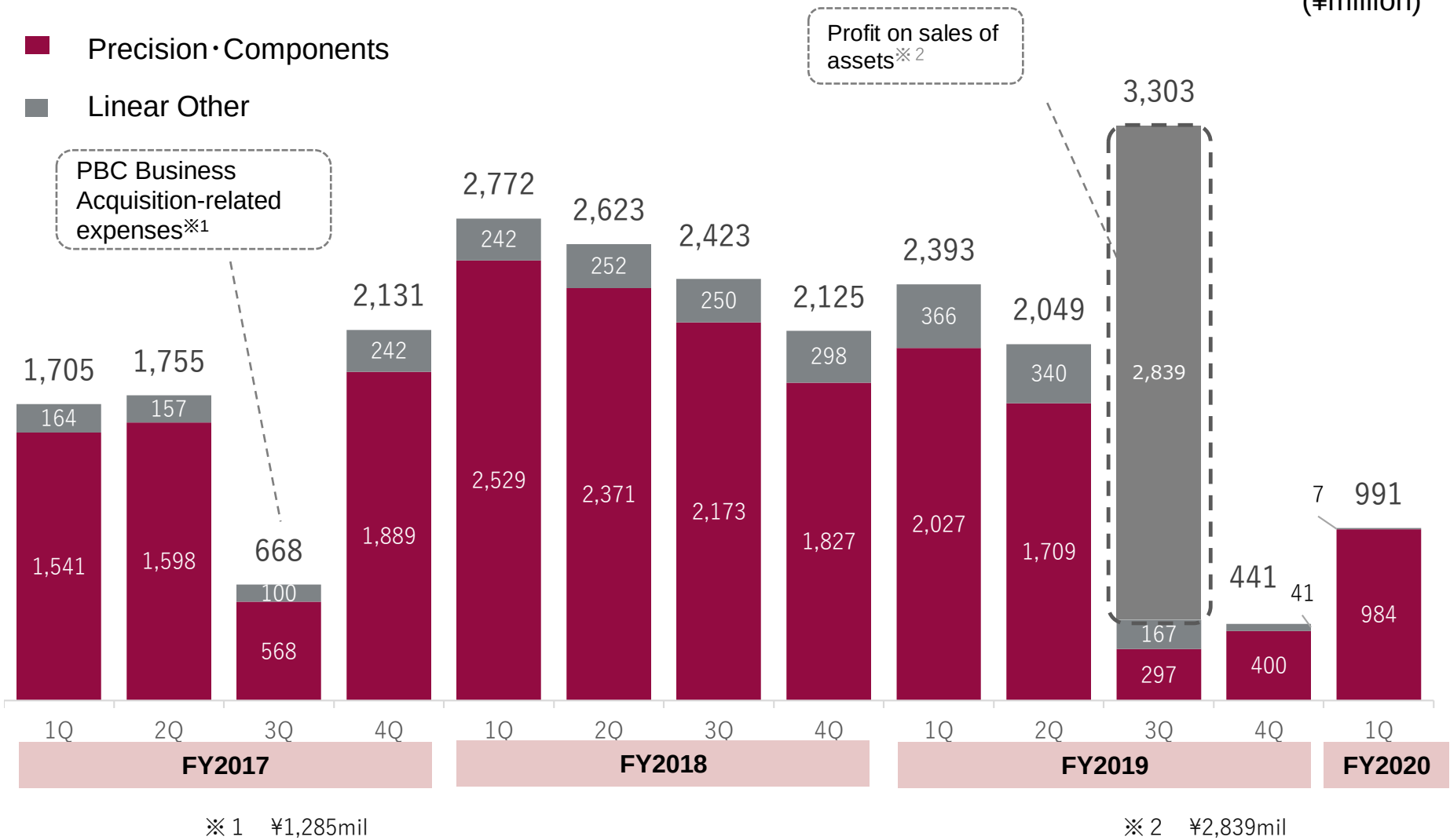


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Operating profit by quarter

Quarterly operating profit recovered significantly

(¥million)



※1　¥1,285mil

※2　¥2,839mil

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1Q FY2020 Consolidated results (YoY)

Due to the rapid deterioration of the macroeconomic environment, such as significant decrease in global automobile production, sales decreased by 19.7% and operating profit decreased 57.8% (excluding FX impact)

(¥million)

	FY2019 1Q	FY2020 1Q			
	Actual	Actual	FX impact	Inc/dec※1	Inc/dec%※1
Sales	18,183	14,226	▲383	▲3,574	▲19.7%
Operating profit	2,393	991	▲20	▲1,382	▲57.8%
OP%	13.2%	7.0%	—	—	—
EBITDA	3,234	1,856	▲45	▲1,333	▲41.2%
EBIT	2,224	935	85	▲1,374	▲61.8%
Net profit	1,645	691	0	▲954	▲58.0%

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

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1Q FY2020 Segment/Region Sales (YoY)

Sales declined due to sharp deterioration in the macroeconomic environment.
Sales in Linear business fell in line with the drop in machine tool orders (▲36%)

(¥million)

	FY2019 1Q	FY2020 1Q			
	Actual	Actual	FX impact	Inc/dec※1	Inc/dec%※1
Consolidated	18,183	14,226	▲383	▲3,574	▲19.7%
Precision Components	16,530	13,192	▲385	▲2,953	▲17.9%
Japan	3,037	2,511	—	▲526	▲17.3%
North America	3,813	3,235	▲39	▲539	▲14.1%
Europe	6,575	5,029	▲226	▲1,320	▲20.1%
Asia	3,107	2,417	▲120	▲570	▲18.3%
Linear and Other	1,653	1,034	2	▲621	▲37.6%

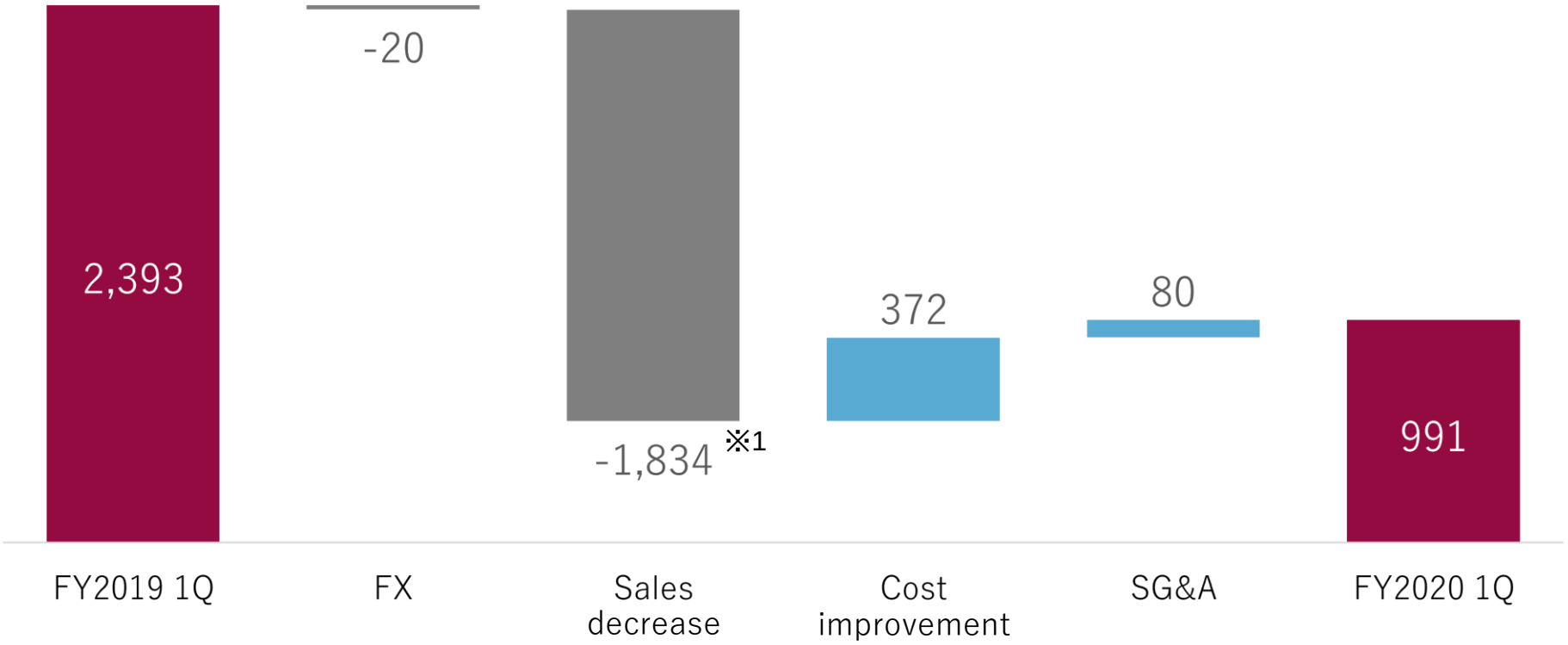
※1 “Inc/dec" and “Inc/dec%" exclude “FX impact”

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1Q FY2020 Operating profit bridge

Cost improvements and SG&A cuts contributed to profits, but the sharp deterioration in the macro environment caused significant decline in sales and impacted on profits

(¥million)



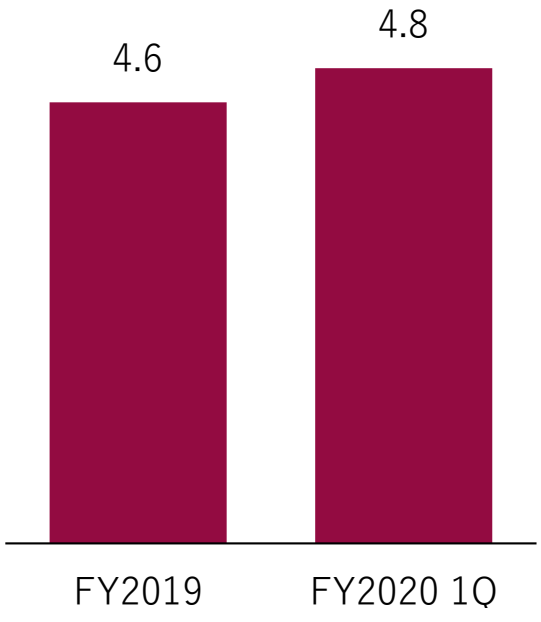
※1 Including a decrease of ¥90 million in rent income due to land sales (FY2019).

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BS/CF

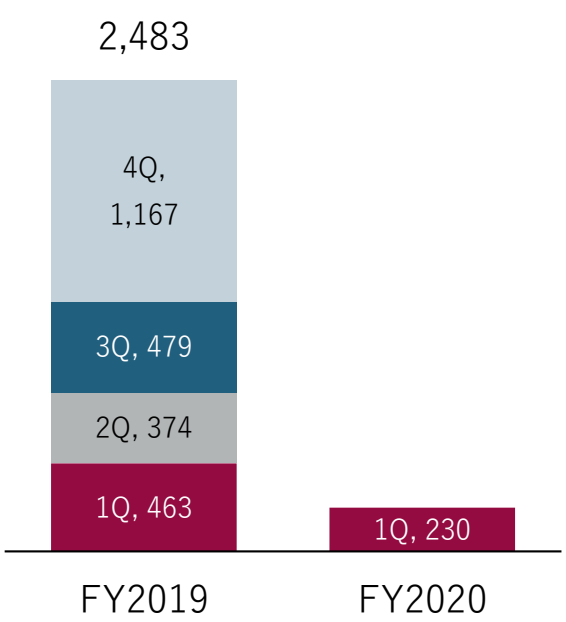
Inventory Turn-over (months)

Improve Turn-over period and strengthen proper inventory management



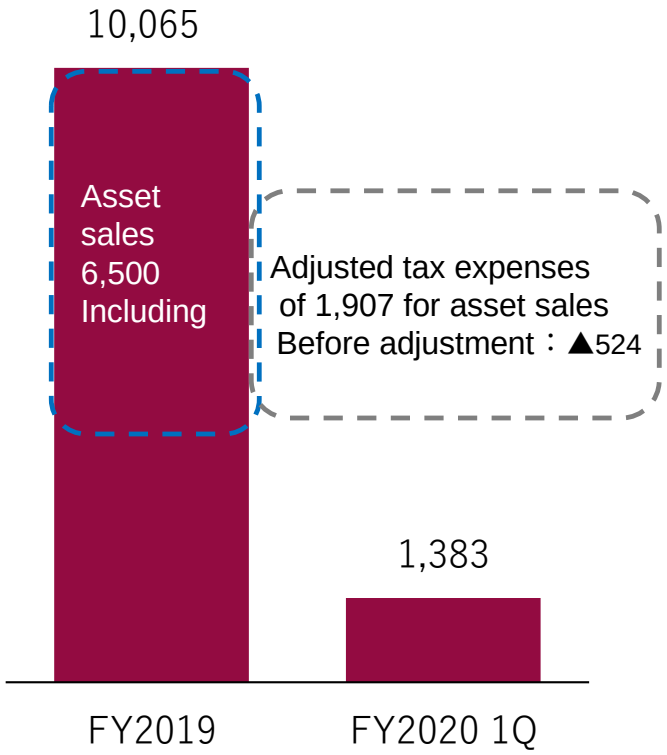
CAPEX(¥ million)

Drop capex to bare minimum, excluding investments that contribute to growth in the next FY and prevent operational risk



Adjusted Free CF (¥million)

Promote increase in cash on hand



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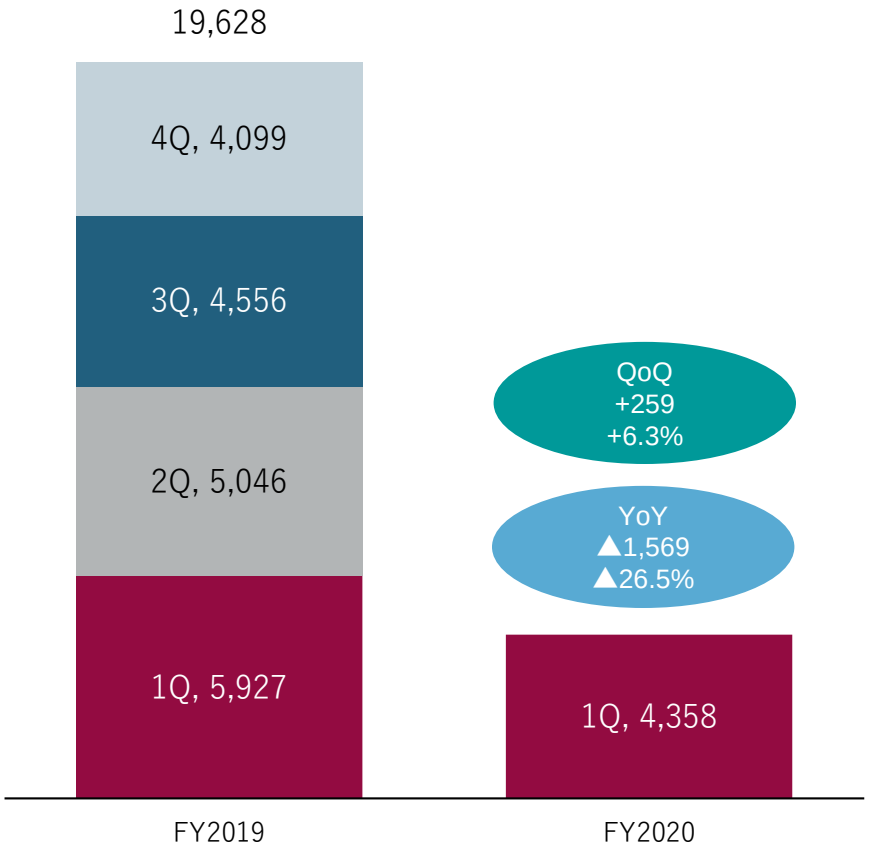
1Q FY2020 Sales initiatives

Sales of ceramic balls increased for two consecutive quarters owing to firm demand from 5G-related capital investment

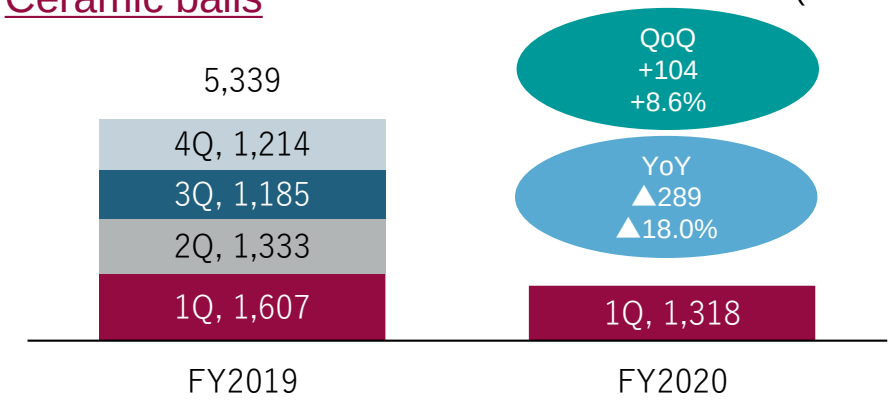
Sales in Asia dropped by approximately ¥500 million due to new coronavirus impact in China

(¥ million)

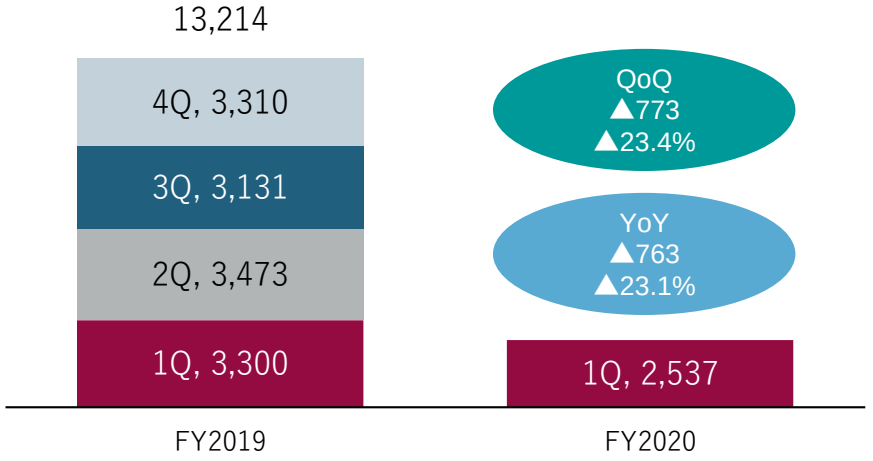
Non-Japanese customers



Ceramic balls



Asian Markets (China and others)



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2. FORECAST FOR EARNINGS AND DIVIDENDS FOR FY2020

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Forecast for Earnings and Dividends for FY2020

Earnings Forecast for FY2020

New coronavirus has spread on global level and has caused economic activities to stagnate. At this time, it is difficult to see when this crisis will end and develop a rational forecast. Therefore, the earnings forecast announced on February 12, 2020 is retracted

We will announce our earnings forecasts as soon as we are able to do so

Dividends Forecast for FY2020

Since earnings forecast FY2020 is retracted, the company has not yet decided on its dividend. However, company's policy of paying 50% of Net Profit as dividend and paying in two lots (Interim and Final dividend) remains unchanged. Dividend forecast will be announced as soon as we are able to establish earnings forecast

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