TSUBAKI NAKASHIMA CO.,LTD.

FY2020 Results Presentation

1. FY2020 results
2. FY2021 guidance

February 12, 2021
Tsubaki Nakashima Co., Ltd.
(TSE 6464)

Precision for a changing world

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1 . FY2020 RESULTS

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Highlights

Both sales and profits bottomed out in 2Q and are on an upward trend from 3Q

Sales

- Sales were ¥52.0 billion due to the impact of COVID-19 (YoY▲18.4%)※1
- 4Q Sales were ¥15.3 billion (QoQ +20.0%)
  Asian markets +32.4%, Ceramic balls +15.9%, and Non-Japanese Customers +12.9%, QoQ all increased double digit

Profits

- Operating profit was ¥ 3.61 billion (YoY ▲55.2) ※1
- Cost improvement and reduction of SG&A expenses contributed to profit and profit remained in the black even in the 2Q. There is a clear trend toward higher profits from 3Q onward.

Dividend

- Plan to pay a year-end dividend of ¥14 per share, ¥2 higher than the last December guidance
- Annual dividend ¥24 per share (Interim dividend ¥10 per share)

※1 Excluding “FX impact”

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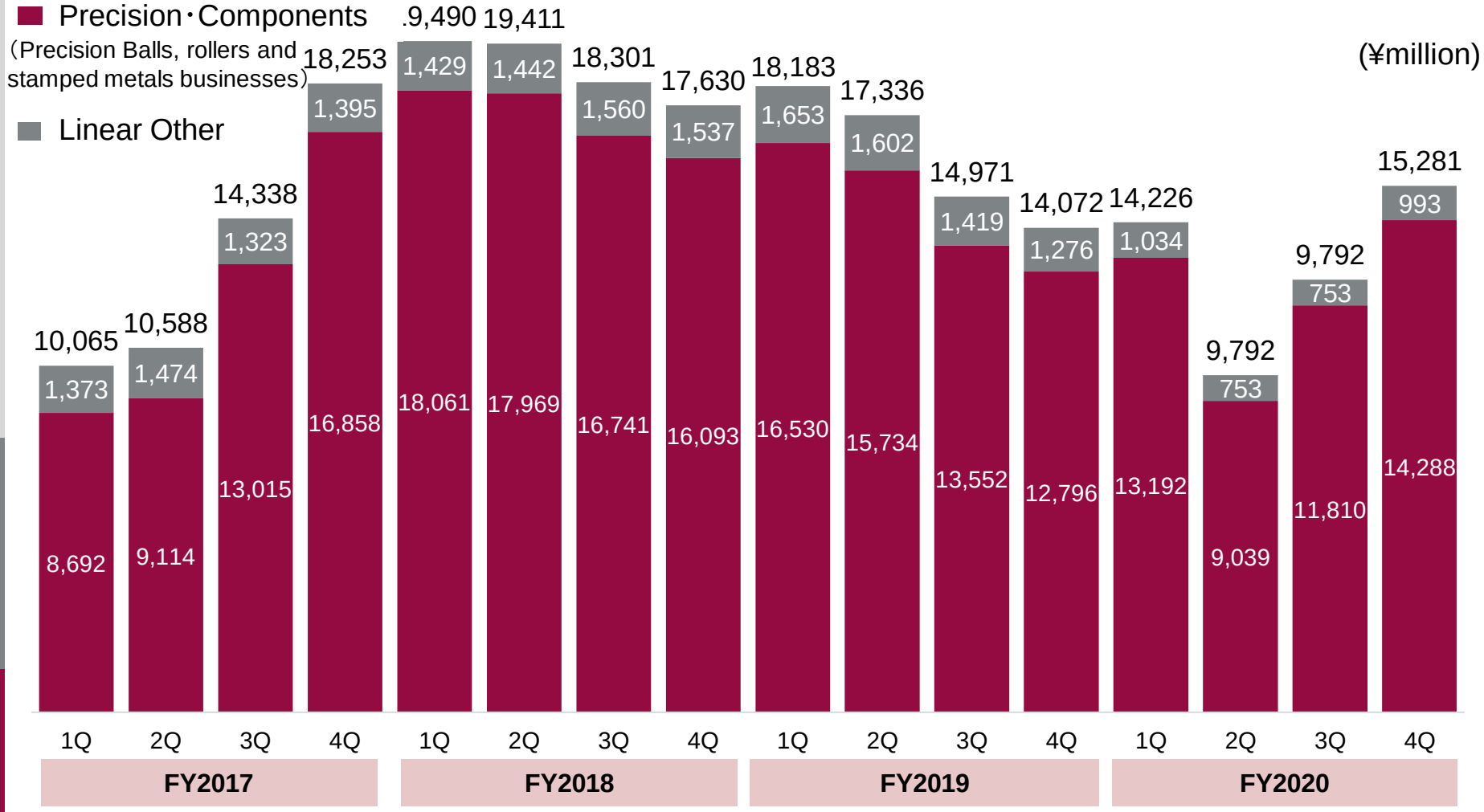
Sales by Quarter

4Q Sales were ¥15.3 billion, significantly higher than the previous quarter
It is the first time since 2019 2Q that Sales exceeded ¥15 billion



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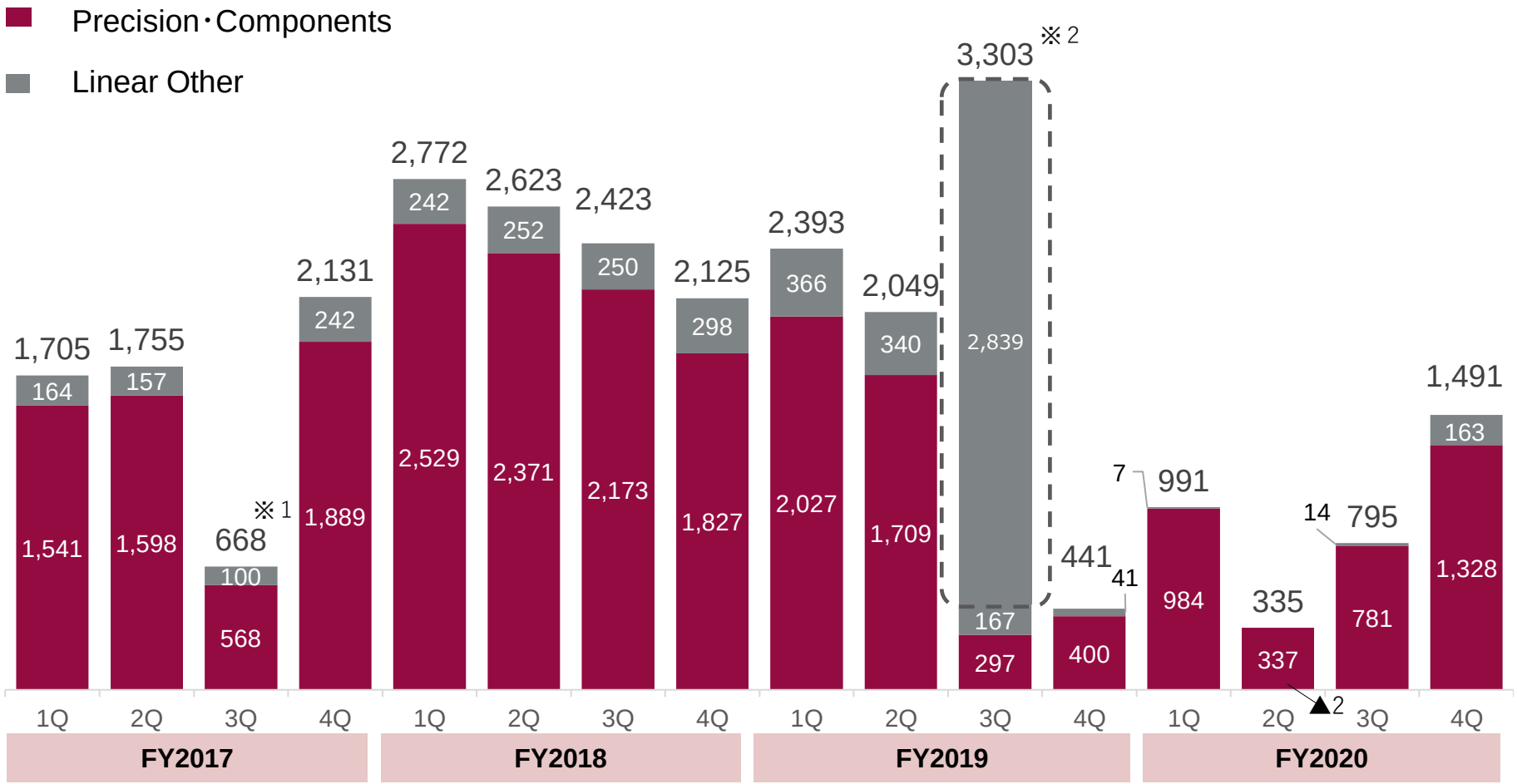
Operating profit by Quarter

4Q OP was ¥1.49 billion, significantly higher than the previous quarter

(¥million)



※1 After reflection of PBC Business Acquisition-related expenses (¥1,285mil)

※2 Profit on sales of assets (¥2,839mil) included

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FY2020 Consolidated results

Due to the impact of the global spread of COVID-19, Sales decreased by 18.4% and OP decreased by 55.2% (excluding FX impact)

(¥million)

	FY2019	FY2020			
	Actual	Actual	FX impact	Inc/dec※1	Inc/dec%※1
Sales	64,563	52,024	▲689	▲11,850	▲18.4%
Operating profit	8,186	3,611	▲57	▲4,518	▲55.2%
OP%	12.7%	6.9%	—	—	—
EBITDA	11,538	6,953	▲96	▲4,489	▲38.9%
EBIT	7,214	2,572	92	▲4,734	▲65.6%
Net profit	4,891	1,877	126	▲3,140	▲64.2%

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

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FY2020 Segment/Region Sales

Sales decline in the Precision Components segment was smaller than the decline in macroeconomic, relatively speaking our results were slightly positive

(¥million)

	FY2019	FY2020			
	Actual	Actual	FX impact	Inc/dec※1	Inc/dec%※1
Consolidated	64,563	52,024	▲689	▲11,850	▲18.4%
Precision Components※2	58,615	48,329	▲707	▲9,579	▲16.3%
Japan	11,052	9,485	—	▲1,567	▲14.2%
North America	13,045	10,826	▲231	▲1,988	▲15.2%
Europe	22,053	17,013	▲165	▲4,875	▲22.1%
Asia	12,473	11,005	▲311	▲1,157	▲9.3%
Linear and Other	5,948	3,695	18	▲2,271	▲38.2%

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

※2 Excluding inter-segment profit

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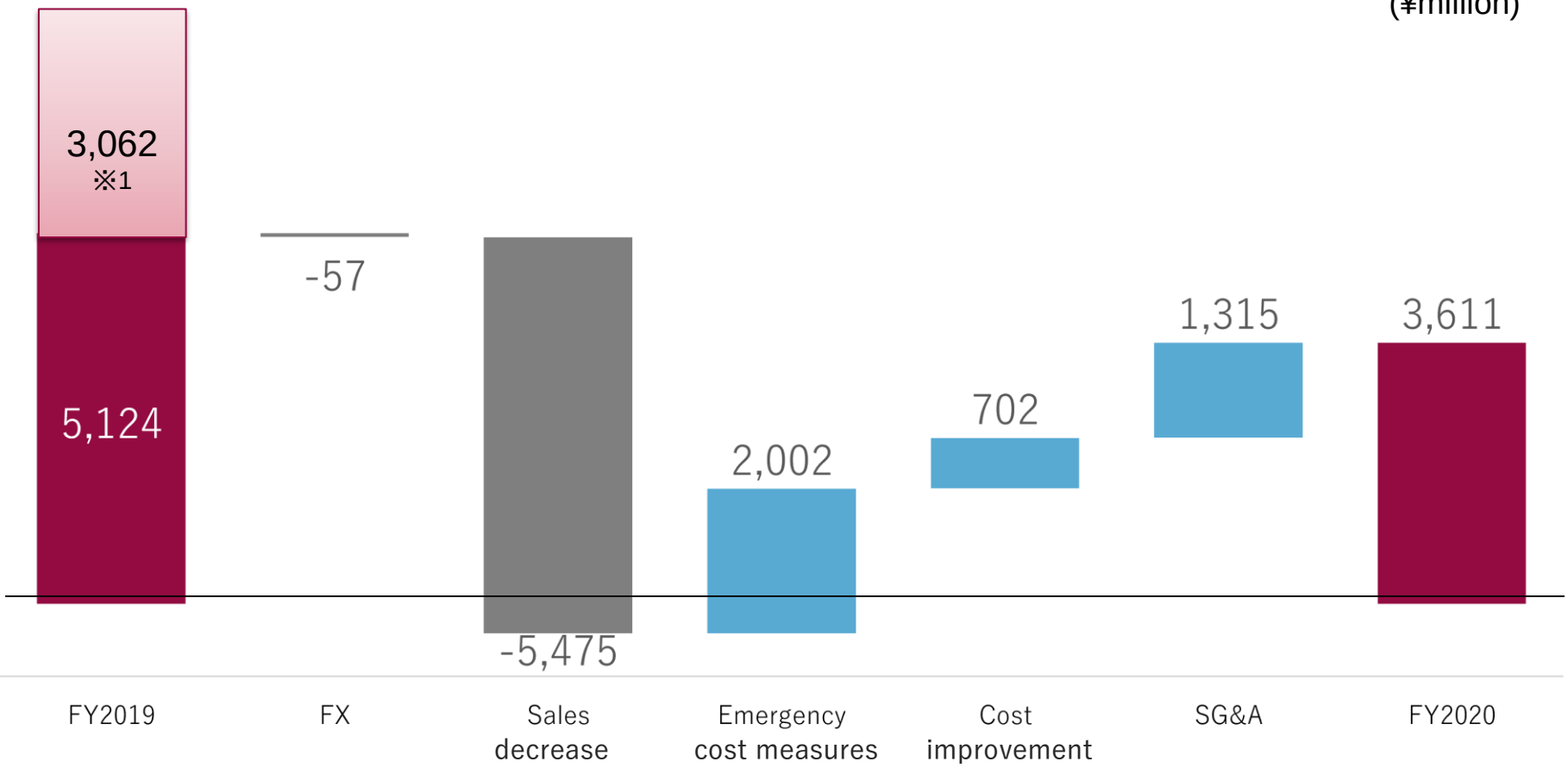
FY2020 Operating profit bridge

Despite the significant impact of the decline in sales due to COVID-19, maintained profitability through management efforts

(¥million)



※1 Gain on sale and rent income associated with the sale of leased land conducted in FY2019.

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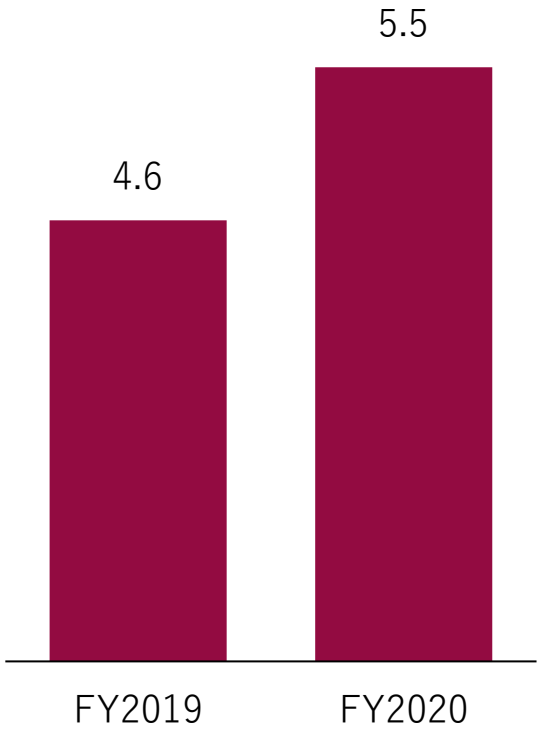
BS/CF

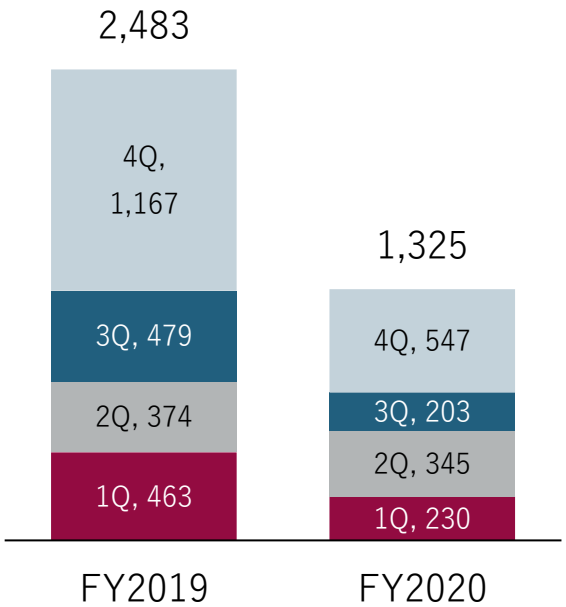
Inventory Turn-over (months)

While inventory reduction was achieved, the Turn-over period remained high due to the decrease in sales



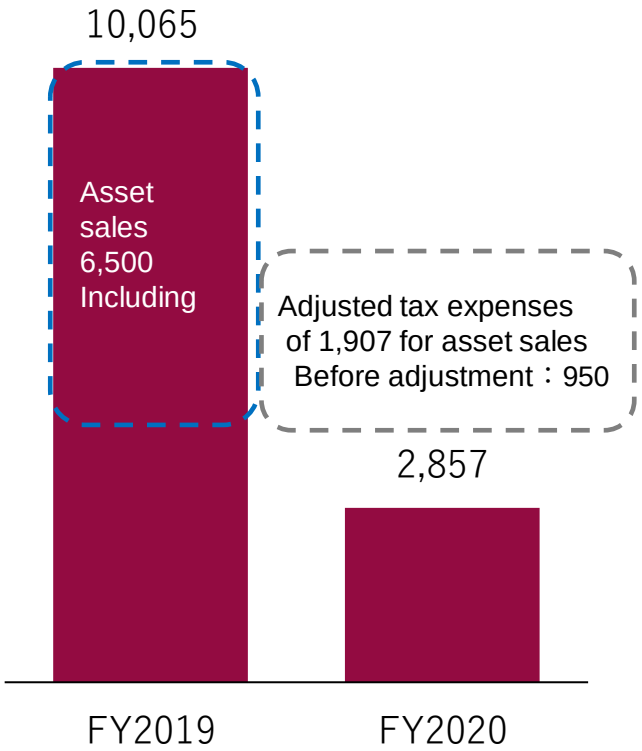
CAPEX(¥million)

Compared to the initial budget of ¥2.6 billion, the amount of investment was curbed by promptly responding to changes in the environment and concentrating on selective investment.



Adjusted Free CF (¥million)

FCF remains positive in a tough environment



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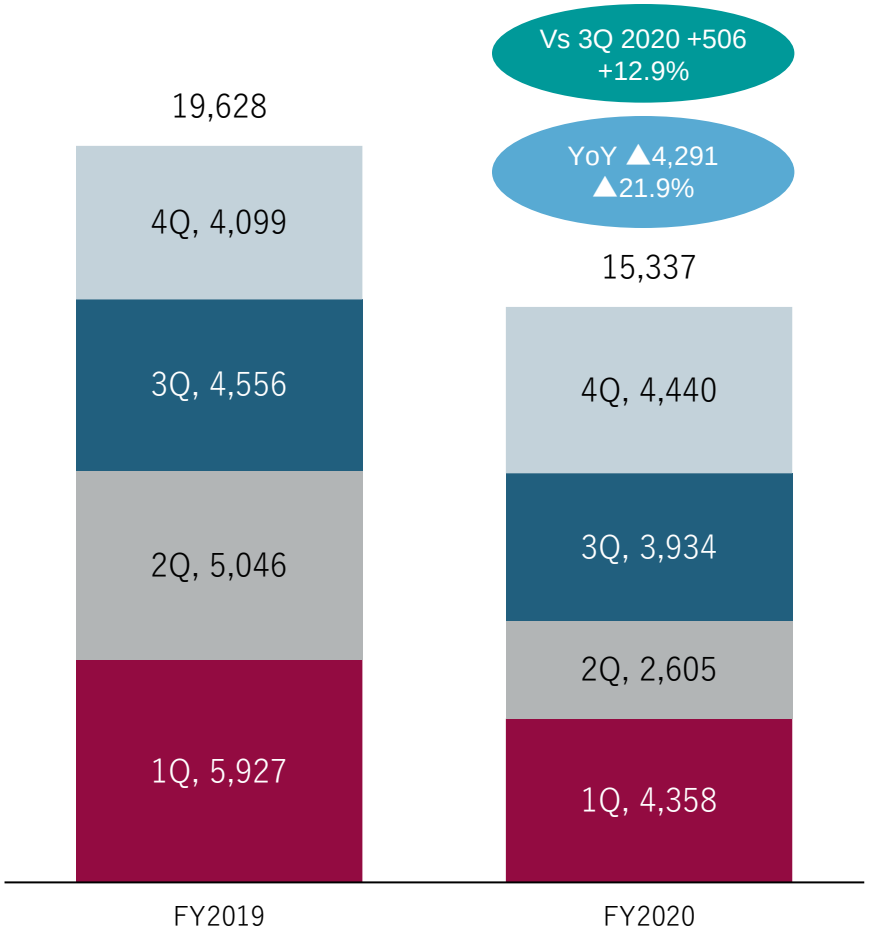
FY2020 Sales initiatives

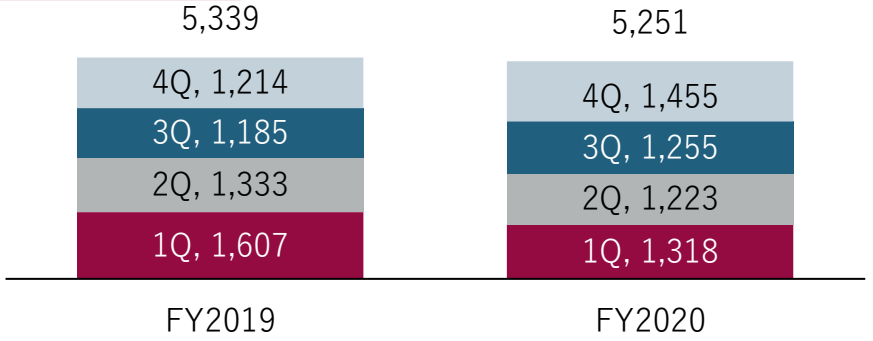
(¥million)

Double-digit QoQ growth for all segments in Q4 vs Q3.
Compared to Q4 2019, all segments are also up significantly.
Ceramic balls grew about 20%

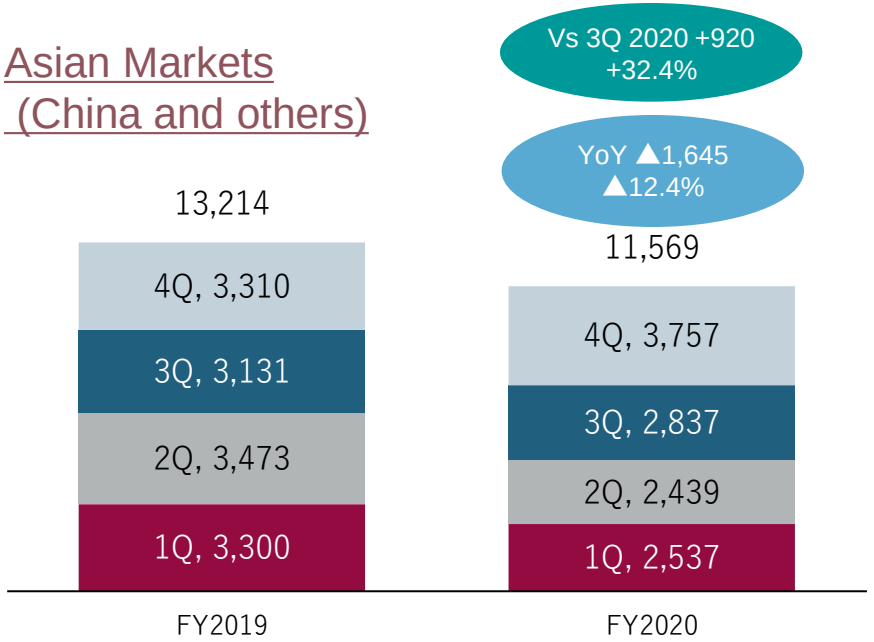
Non-Japanese customers



Ceramic balls



Asian Markets (China and others)



2. FY2021 GUIDANCE

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FY2021 Management policy

FY2020 was an exceptional year due to the impact of COVID-19.
We will recover in 2021, focusing on our growth strategy

Growth strategy

Securely capture the macro recovery and add to sales through execution of growth strategies

- Expansion and growth of ceramic business
- Establishing a medical device business
- Full-scale sales expansion in Asian markets

Sales・Profits

- Control fixed costs while continuing to improve costs, and implement management that enables sales growth to be directly linked to operating profit
- Achieve Sales of ¥60.8 billion (+16.9% YoY) and Operating profit of ¥6.1 billion (+68.9% YoY)

Shareholder return

- Target annual dividend of ¥46 per share (91.7% increase over FY2020)

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FY2021 Guidance

(¥million)	FY2020		FY2021			
	Actual	% of Sales	Guidance	% of Sales	Inc/dec	Inc/dec%
Sales	52,024	100.0%	60,800	100.0%	8,776	16.9%
Operating profit	3,611	6.9%	6,100	10.0%	2,489	68.9%
EBIT	2,572	4.9%	5,200	8.6%	2,628	102.2%
Net profit	1,877	3.6%	3,700	6.1%	1,823	97.1%
EPS(Yen)	46.64	–	91.95	–	45.31	97.1%
DPS（Yen）	24	–	46	–	22	91.7%

Exchange rate assumption : 1USD 107Yen, 1EURO 121Yen, 1RMB 15.4Yen

（2020 Actual average rate：1USD 106.82Yen, 1Euro 121.81Yen, 1RMB 15.48Yen)

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