TRANSFORM NEXT 2023

Precision for a changing world



1H FY2021 Results Presentation

August 10, 2021

Tsubaki Nakashima Co., Ltd. （TSE 6464）

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Highlights

Both sales and profits grew more than the February guidance.
Guidance revised upward.

Sales

- Sales achieved ¥34.7 billion. Up 24% from 2H 2020
- Combined Sales for the growth strategies achieved ¥5.8 billion. Up 25% from 2H 2020

Profits

- Operating profit achieved ¥3.63 billion. Up 59% from 2H 2020
- Operating profit margin in 1H 2021 was 10.4%, a significant improvement from 5.5% in 1H 2020

Dividend

- Interim dividend ¥28 per share
- Plan to pay year-end dividend ¥29 per share. Annual dividend ¥57 per share including interim dividend, exceeding the February guidance of ¥11 per share.

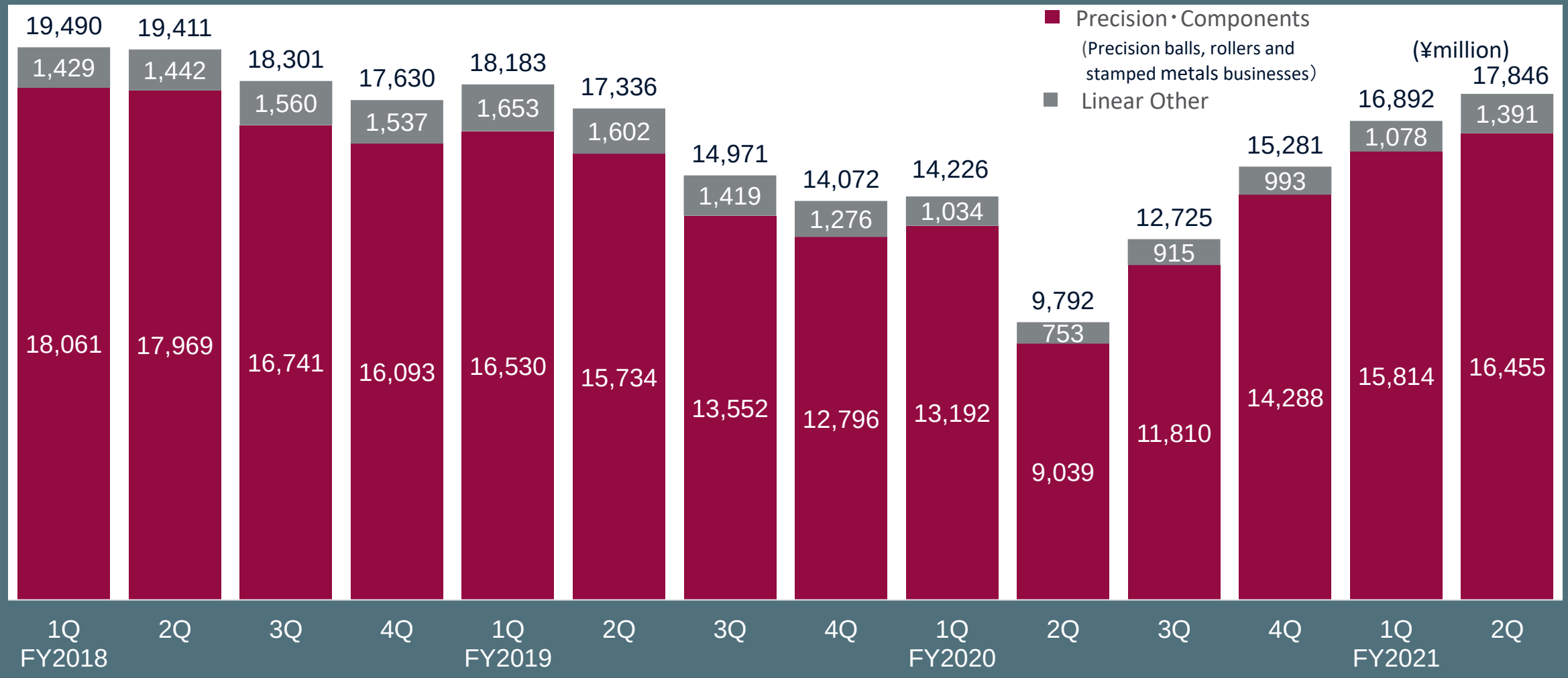
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Sales by Quarter

Sales increased for the fourth consecutive quarter

Sales recovered to exceed 2Q 2019 level before the US-China trade friction and COVID-19 started

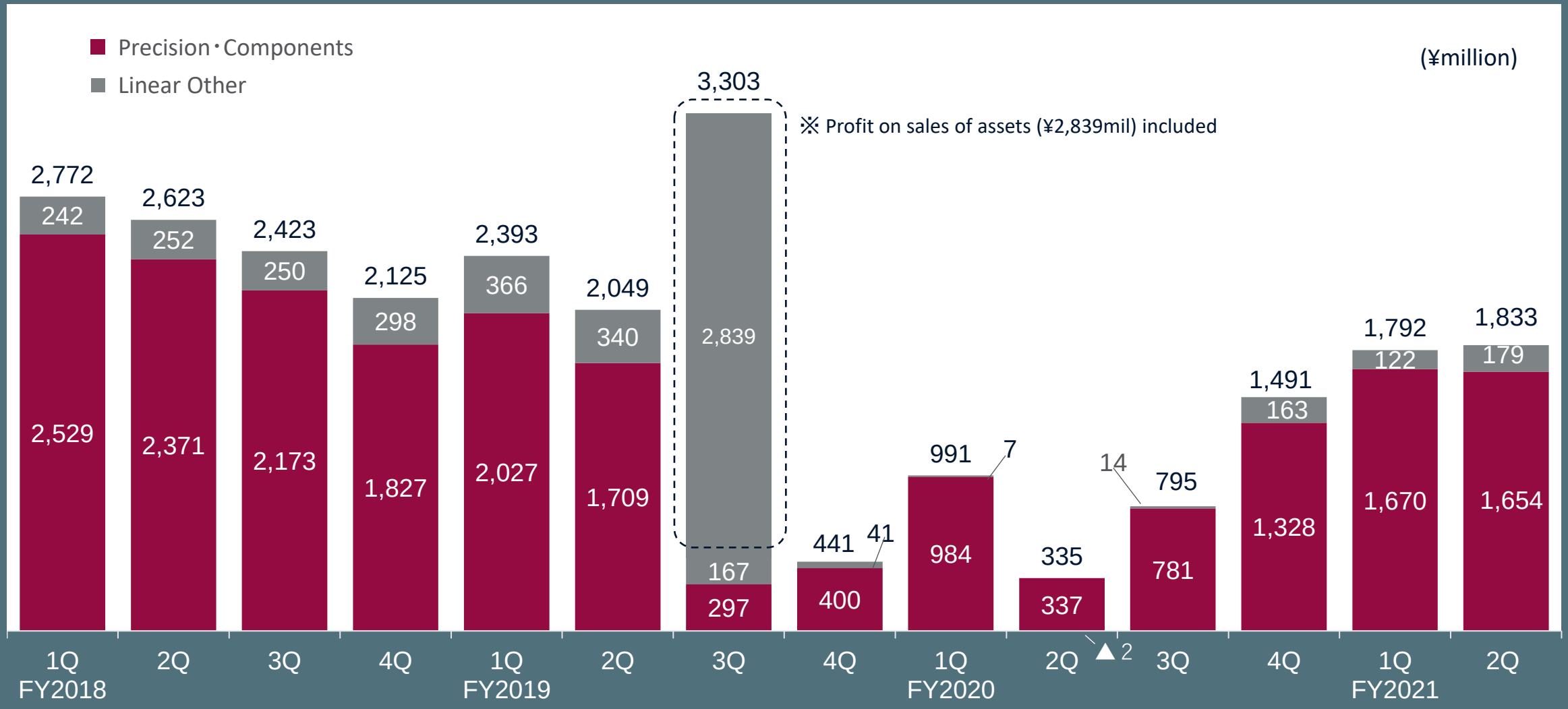


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Operating profit by Quarter

OP increased for the fourth consecutive quarter.
2Q OP increased by 2.3% vs.1Q 2021



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1H FY2021 Consolidated results (YoY)

Sales increased by 38.2% and OP increased by 164.7% vs. 1H FY2020 (excluding FX impact)

(¥million)

	FY2020 1H	FY2021 1H			
	Actual	Actual	FX impact	Inc/dec※1	Inc/dec%※1
Sales	24,018	34,738	1,542	9,178	38.2%
Operating profit	1,326	3,625	115	2,184	164.7%
OP%	5.5%	10.4%	—	—	—
EBITDA	3,023	5,312	198	2,091	69.2%
EBIT	990	3,258	178	2,090	211.1%
Net profit	693	2,680	139	1,848	266.7%

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

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1H FY2021 Segment/Region Sales (YoY)

Growth in all segments in the range of 30% to 40% vs. 1H 2020

(¥million)

	FY2020 1H	FY2021 1H			
	Actual	Actual	FX impact	Inc/dec※1	Inc/dec%※1
Consolidated	24,018	34,738	1,542	9,178	38.2%
Precision Components※2	22,230	32,269	1,521	8,518	38.3%
Japan	4,600	6,274	—	1,674	36.4%
North America	5,103	6,656	▲ 36	1,589	31.1%
Europe	7,816	12,091	998	3,277	41.9%
Asia	4,712	7,250	559	1,979	42.0%
Linear and Other	1,788	2,469	22	659	36.9%

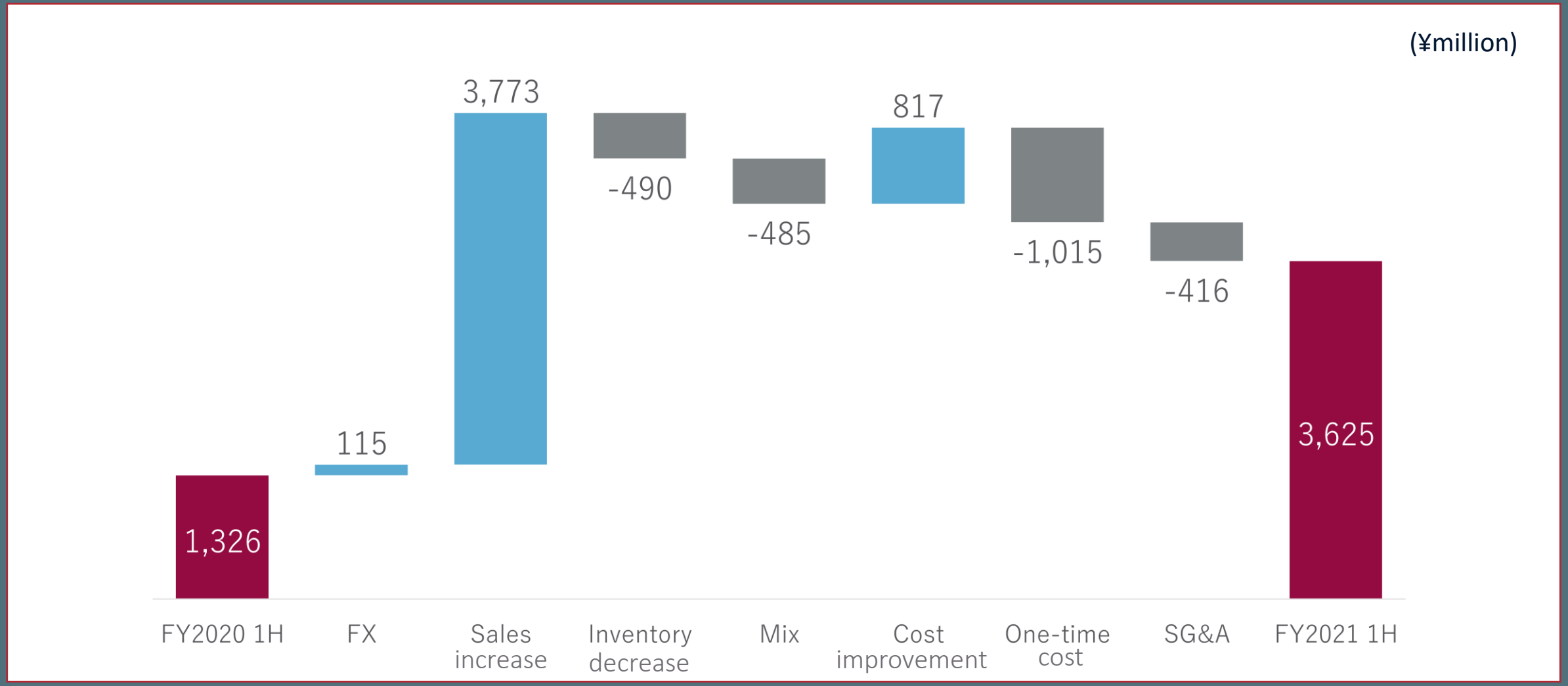
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※1 "Inc/dec" and "Inc/dec%" exclude "FX impact
※2 Excluding inter-segment profit

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1H FY2021 Operating profit bridge vs 1H FY2020

Owing to contribution from sales increase and cost improvement, OP increased by 173.4% to ¥3.625 billion vs. 1H 2021



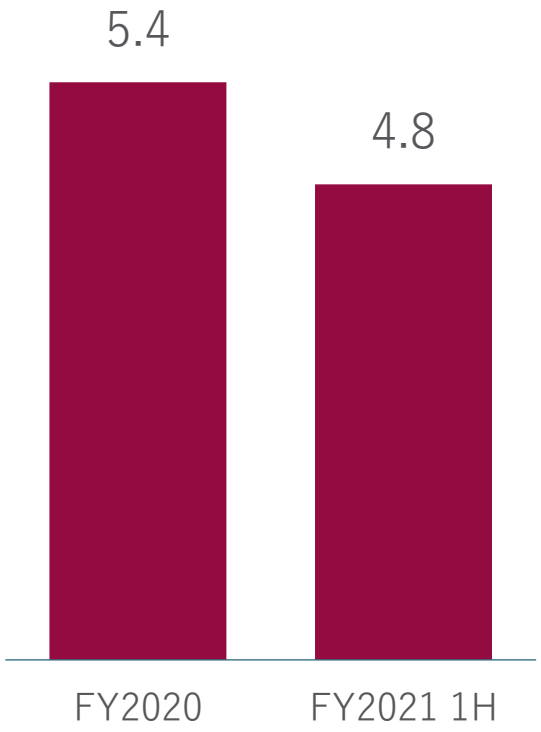
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BS/CF

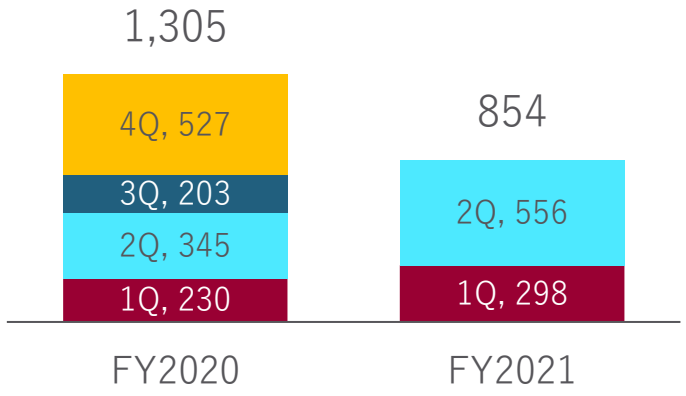
Inventory Turn-over (months)

The Turn-over period improved owing to the increase in sales



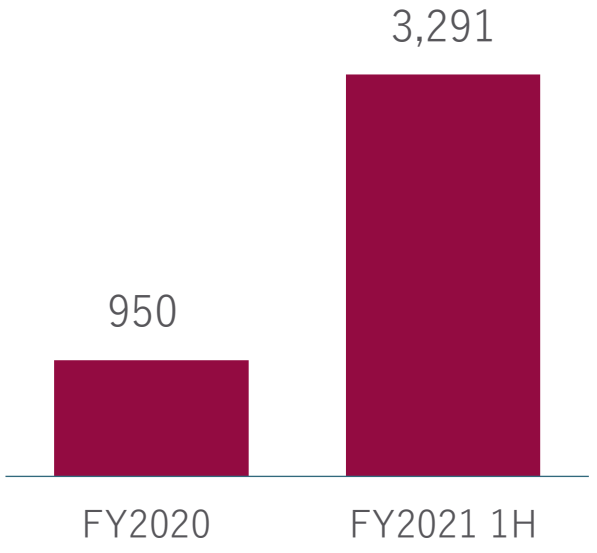
CAPEX (¥million)

Promoting capital investment for growth



Free CF (¥million)

FCF generated in 1H was approximately 3.5 times vs. FY2020, a significant improvement.



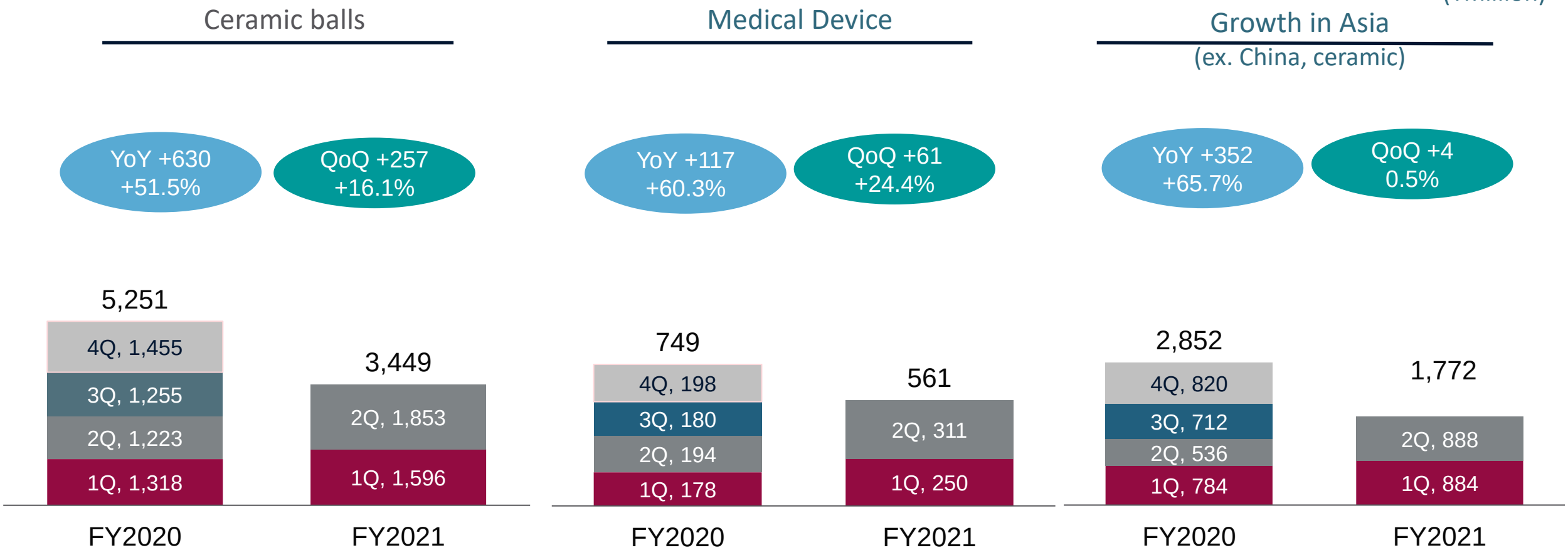
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Progress in Growth Strategies

In the three growth strategies, each strategic division performed well
Ceramic balls in particular increased by 16.1% vs. 1Q 2021

(¥million)



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FY2021 Revised forecast

In 1H2021, demand for automobiles and machine tools recovered more than expected in each market, especially in China and Europe. This situation is expected to continue in 2H2021.

(¥million)

	Previous	Revised	Inc/dec	Inc/dec
Sales	60,800	69,000	8,200	13.5%
Operating profit	6,100	7,100	1,000	16.4%
EBIT	5,200	6,100	900	17.3%
Net profit※	3,700	4,600	900	24.3%
EPS(Yen)	91.95	114.41	22.46	24.4%
Dividend per share(Yen)	46	57	11	23.9%

※"Net profit" on this slide refers to "Profit attributes to owners of the parent"

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