1H FY2023　Results Presentation

August 9, 2023

Tsubaki Nakashima Co., Ltd.

（Prime Market of TSE 6464）

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Summary for 1H FY2023

Sales

- Sales: Increased YoY, but ▲2.3% in real terms excluding FX impact
- Growth strategy: Ceramic balls sales increased YoY and QoQ, while medical devices and sales expansion in Asia fell short of plan

Profits

- Sluggish growth due to sales decline
- While the impact of previous year's roller business restructuring expenses (¥2.3 billion) in the Netherlands were eliminated, ¥1.2 billion was recorded in Q2 as expenses associated with the closure of the stamping parts plant and the impact of deteriorating earnings due to lower demand

Dividend

- Annual dividend is in line with revised guidance of June 16
- Interim dividend ¥13/share, planned year-end dividend ¥17/share. Planned annual dividend ¥30/share

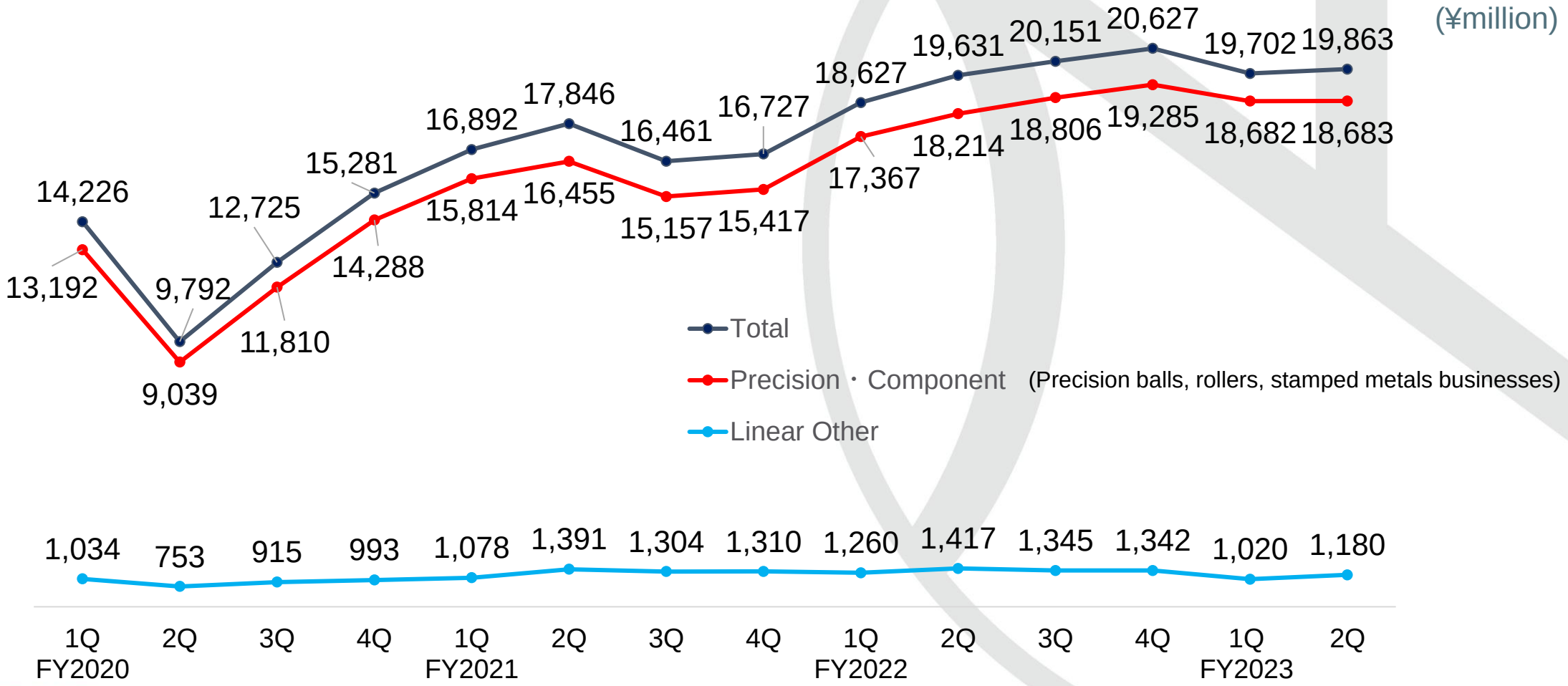
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Sales by Quarter

Sales of Precision Components increased by 2.6% YoY, flat QoQ
Sales of Linear Other decreased by 16.7% YoY, increased by 15.7% QoQ

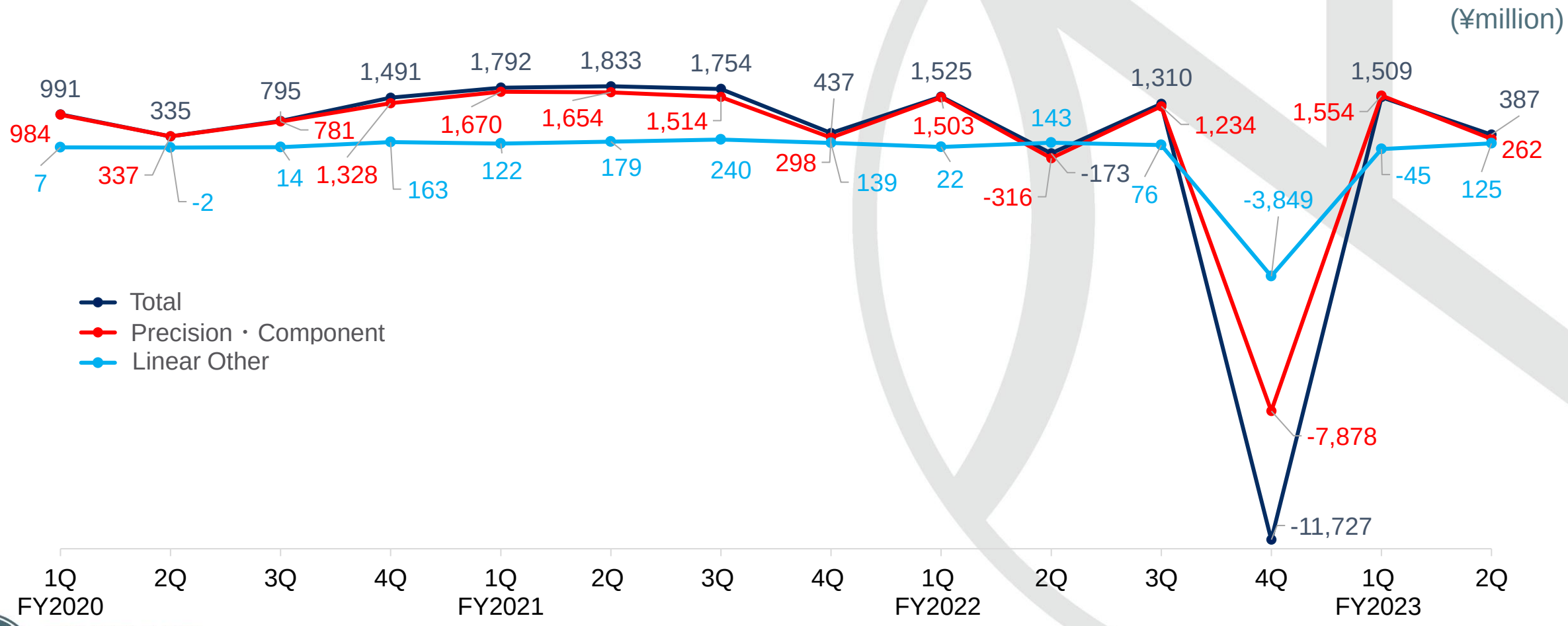
(¥million)



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Operating profit by Quarter

OP of Precision Components: Including impact of stamping parts plant closure ▲¥1.2 billion (2Q)
OP of Linear Other: Turn profitable in 2Q. OP in 1H was ¥80 million



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1H FY2023 Consolidated results (YoY)

Sales decreased by 2.3% and OP increased by 43.2%(excluding FX impact)

(¥million)

	FY2022 1 H	FY2023 1H			
	Actual	Actual	FX impact	Inc/dec※1	Inc/dec%※1
Sales	38,258	39,565	2,182	▲ 874	▲ 2.3%
Operating profit	1,352	1,896	▲ 39	583	43.2%
OP%	3.5%	4.8%	—	—	—
EBITDA	3,147	3,444	30	267	8.5%
PBT	1,542	1,821	▲ 47	326	21.1%
Net profit	399	911	▲ 58	570	142.9%

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

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1H FY2023 Segment/Region Sales (YoY)

(¥million)

	FY2022 1H	FY2023 1H			
	Actual	Actual	FX impact	Inc/dec※1	Inc/dec%※1
Consolidated	38,258	39,565	2,182	▲ 874	▲ 2.3%
Precision Components※2	35,581	37,365	2,168	▲ 384	▲ 1.1%
Japan	6,692	7,151	—	459	6.9%
North America	7,001	7,602	687	▲ 86	▲ 1.2%
Europe	13,838	13,655	1,135	▲ 1,318	▲ 9.5%
China	6,737	7,188	216	235	3.5%
Asia(ex. China)	1,317	1,770	129	324	24.6%
Linear and Other	2,677	2,200	15	▲ 492	▲ 18.4%

※1 “Inc/dec" and “Inc/dec%" exclude “FX impact”
※2 Excluding inter-regional transaction

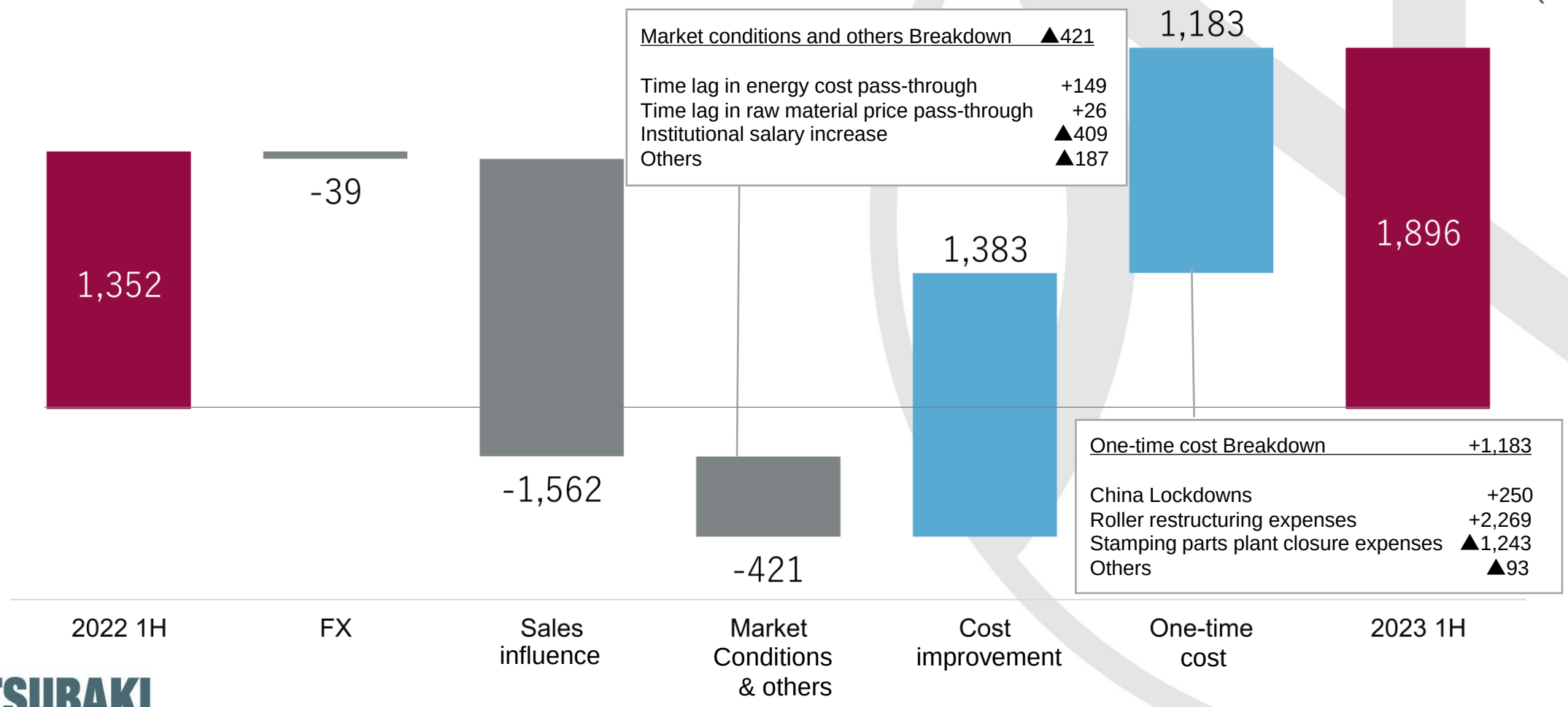
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1H FY2023 Operating profit bridge

Operating profit increased by 40.3% YoY to ¥1,896 million due to cost improvement and decrease in one-time cost, despite sales decline

(¥million)



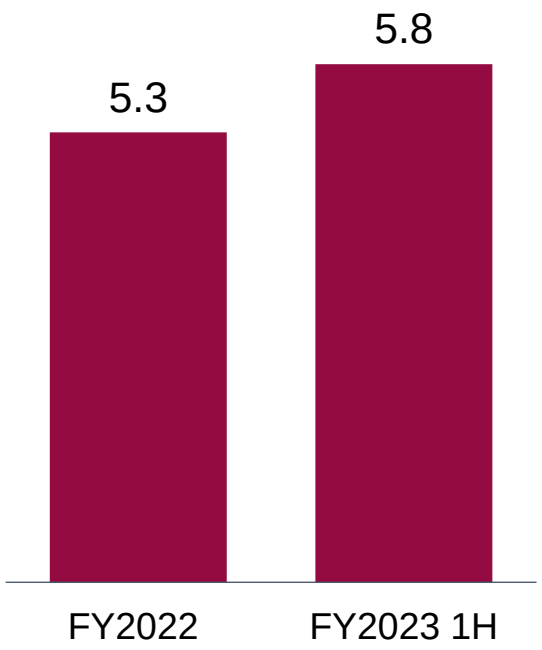
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BS/CF

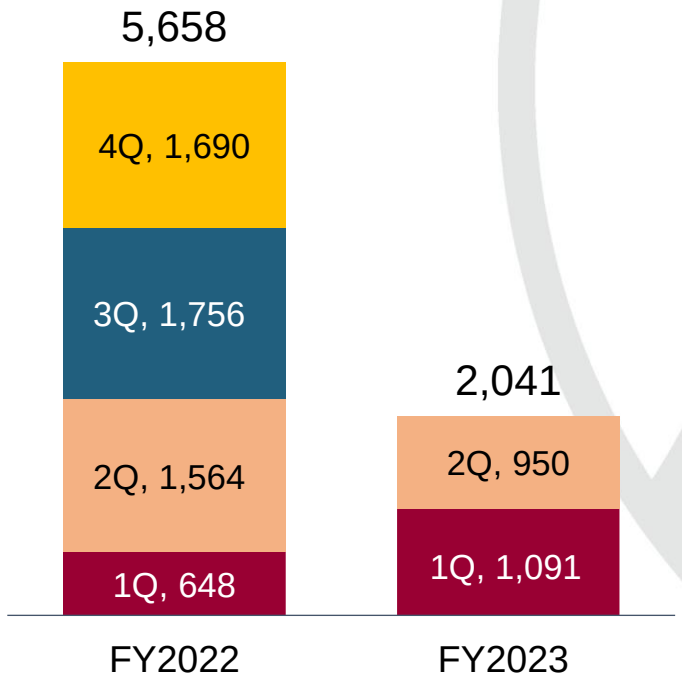
Inventory Turn-over (months)

Increase in inventory due to sales decline



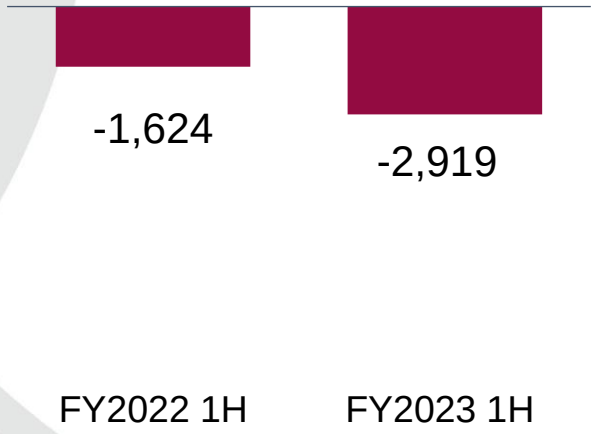
CAPEX (¥million)

Promoting capital investment for future growth



Free CF (¥million)

Severance payment for restructuring of Roller Business in the Netherlands (¥1,466 million)



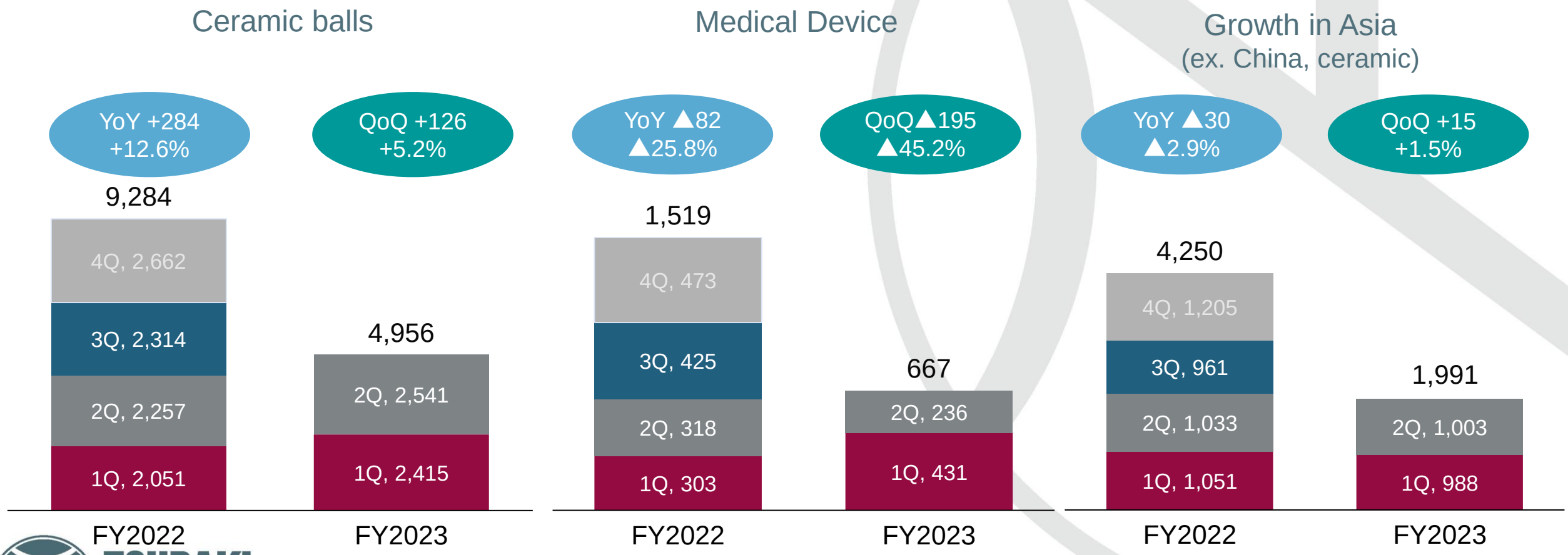
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Progress in Growth Strategies (1H FY2023)

Ceramic balls continue to drive growth strategy
Sales in medical device and in Asia fell short of plan

(¥million)

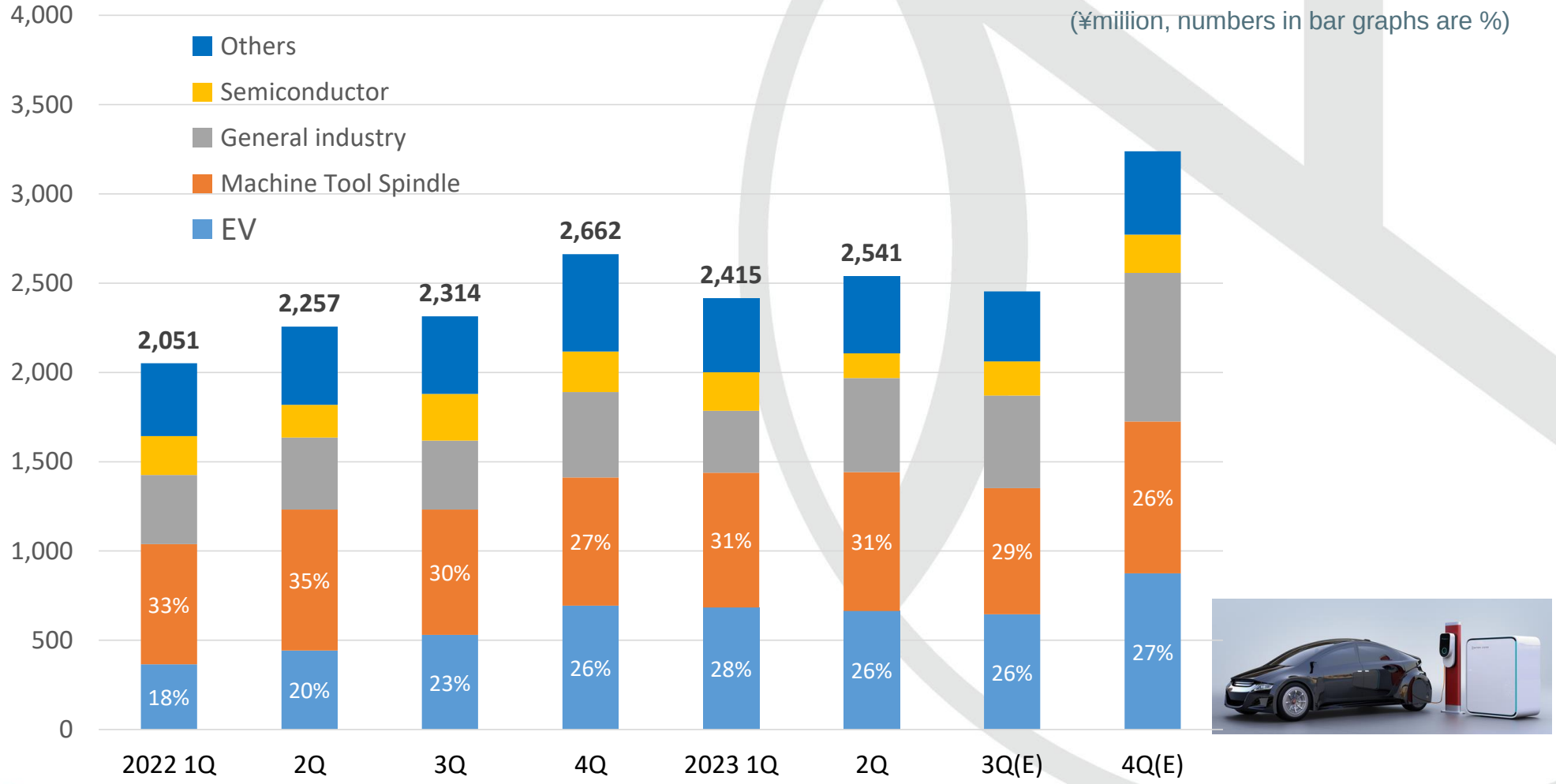


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Ceramic Ball Sales Trend / Forecasts by Application

Toward 4Q, continued growth in EV and growth in general industry applications
Continued stable sales for machine tool spindle

(¥million, numbers in bar graphs are %)



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FY2023 Revised Forecast

Have remained unchanged from revised forecast released on June 16

(¥million)

	Initial Forecast	Revised Forecast	Inc/dec	Inc/dec%
Sales	86,000	80,000	▲ 6,000	▲ 7.0%
Operating profit	9,000	4,500	▲ 4,500	▲ 50.0%
PBT	7,700	3,500	▲ 4,200	▲ 54.5%
Net profit	5,400	1,700	▲ 3,700	▲ 68.5%
EPS(Yen)	133.89	42.79	-	-
Dividend per share(Yen)	48	30	▲ 18	▲ 37.5%

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Sustainability Initiatives

Last year, we underwent our first CDP audit and received a "B" rating, the third highest on an eight-point scale. We will continue our efforts to strengthen our climate change measures.

CO_2 Emission Reduction Targets

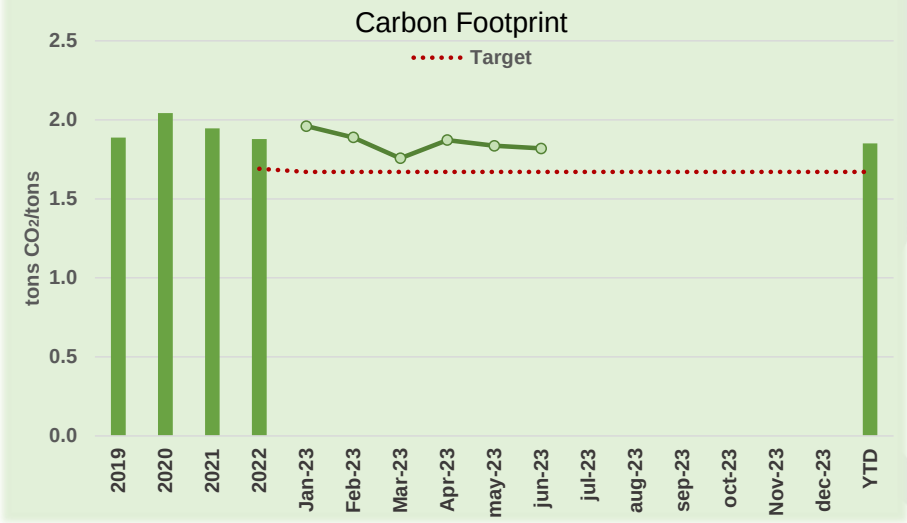
- -27.5% Ton CO_2 by 2030 compared to 2019
- Aiming to achieve carbon neutrality by 2050

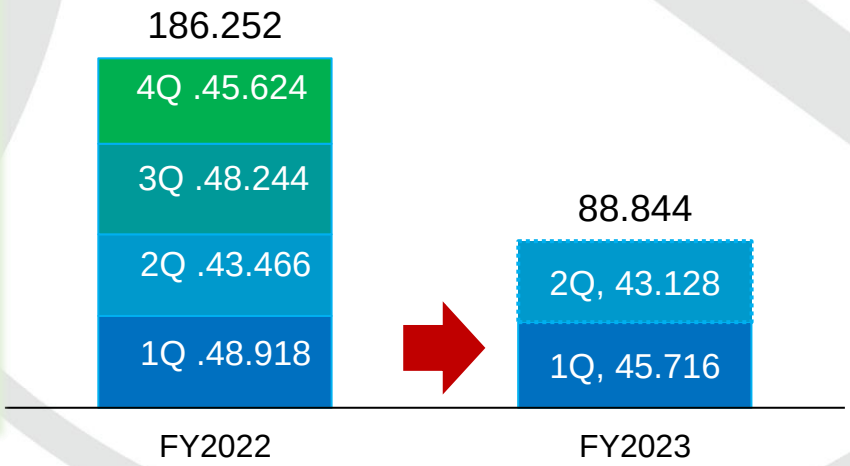
- improving **energy efficiency** of the plants
- implementation of **renewable energy systems**
- strategy for **purchasing green energy**

OUR TARGETS

2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
182.923 TON CO_2	166.276 TON CO_2	190.849 TON CO_2	186.252 TON CO_2	179.548 TON CO_2	172.844 TON CO_2	166.140 TON CO_2	159.436 TON CO_2	152.731 TON CO_2	146.027 TON CO_2	139.323 TON CO_2	132.619 TON CO_2

CARBON FOOTPRINT	H1 2022	H1 2023	2023 vs 2022 %
JAPAN	2.5	2.4	-1%
AMERICAS	1.5	1.6	5%
EUROPE	1.5	1.5	0%
CHINA	2.1	2.1	-1%
CERAMIC	33.3	29.8	-12%
MEDICAL	3.8	3.6	-5%
TN	1.8	1.9	0%





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