



1Q Results Presentation FY12/2017

May 9, 2017

Tsubaki Nakashima Co, Ltd.

(TSE 6464)

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This presentation is an English translation of the material initially written in Japanese, which should be considered to be the primary version.



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1. 1Q results FY12/2017 P3



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.



1. 1Q RESULTS FY12/2017



1Q FY12/2017 Summary

4(Existing)+2(New) strategies working as mid term plan contributes to strong sales growth exceeding macro growth.

External factors



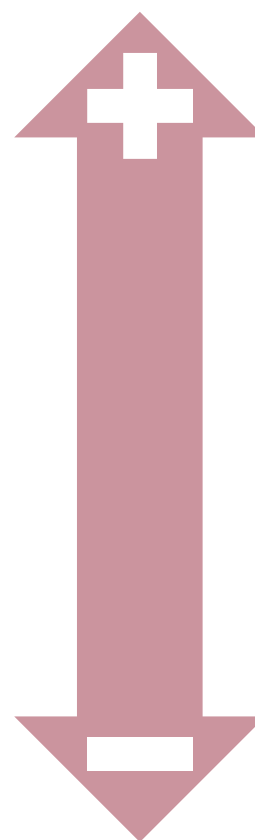
TSUBAKI NAKASHIMA CO.,LTD.

Internal factors

Recovery in demand in Machine tool sector

Auto related business grew as forecasted

Slight Yen appreciation compared to 1Q FY12/2016



Sales exceeding macro growth due to strong execution of Strategies

Kept focus on cost reduction and B/S management.

Highlights for 1Q FY12/2017



Sales

- Achieved sales of **+12.6% YoY**(w/o FX**+16.1%**), which exceeds macro growth rate due to execution of 4(existing) +2(new) initiatives.
- Ball business grew at **+12.7% YoY**(w/o FX**+16.8%**).

Profits

- Achieved OP profit of +4.8% YoY (w/o FX**+11.0%**), due to cost improvement offsetting one-time cost.
- Achieved Profit attributable to owners of the parent (Net profit) of +6.5% YoY (w/o FX**+11.3%**).

Cash

- Generated **1.4 billion Yen FCF** due to constant B/S management.
- Forecasted annual dividend kept at 64 Yen/share (interim 31 Yen /share, year end 33 Yen /share) as in previous guidance.

FY12/2017 1Q Consolidated results vs FY12/2016 1Q



Strong Sales growth in 1Q on YoY basis, good start of Year-1 of mid-term plan.

(¥ million)

	FY2016 1Q	FY2017 1Q			
	Actual	Actual	FX impact	inc/dec (w/o FX)	inc/dec% (w/o FX)
Sales	8,939	10,065	▲313	1,439	16.1%
Operating profit	1,627	1,705	▲100	178	11.0%
Operating margin	18.2%	16.9%	—	—	—
EBITDA	2,031	2,105	▲112	186	9.2%
EBITDA margin	22.7%	20.9%	—	—	—
EBIT	1,264	1,359	▲73	168	13.2%
Net profit (※1)	963	1,025	▲46	108	11.3%

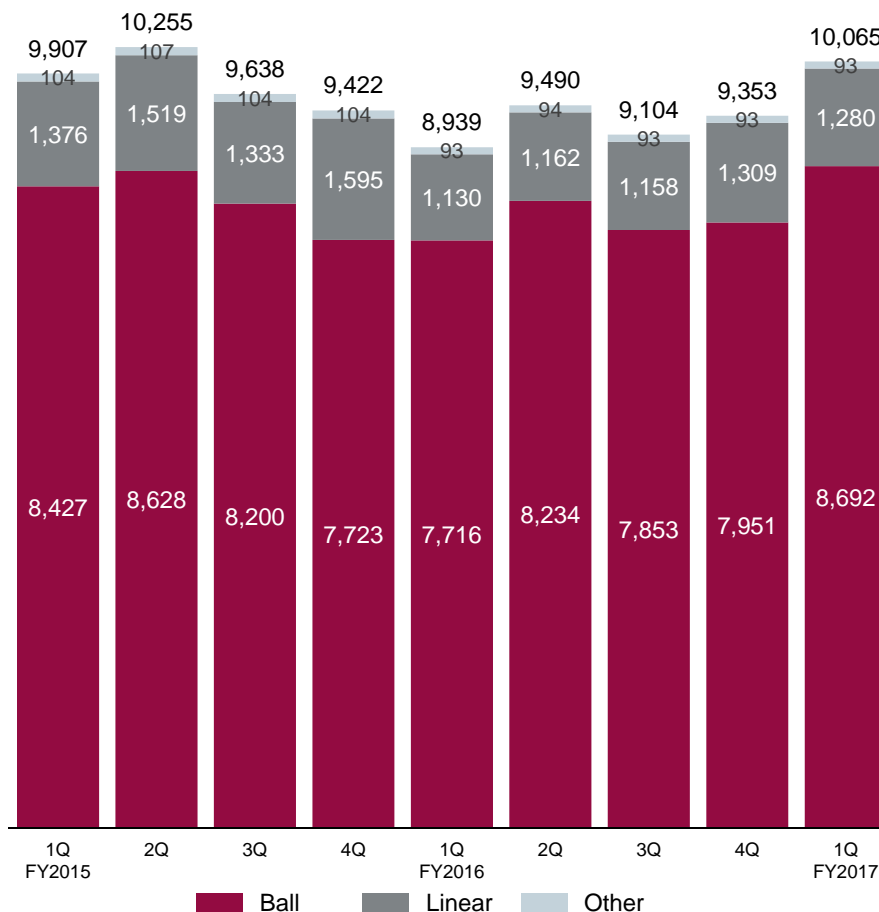
(※1) “Net profit” on this slide refers to “Profit attributable to owners of the parent”



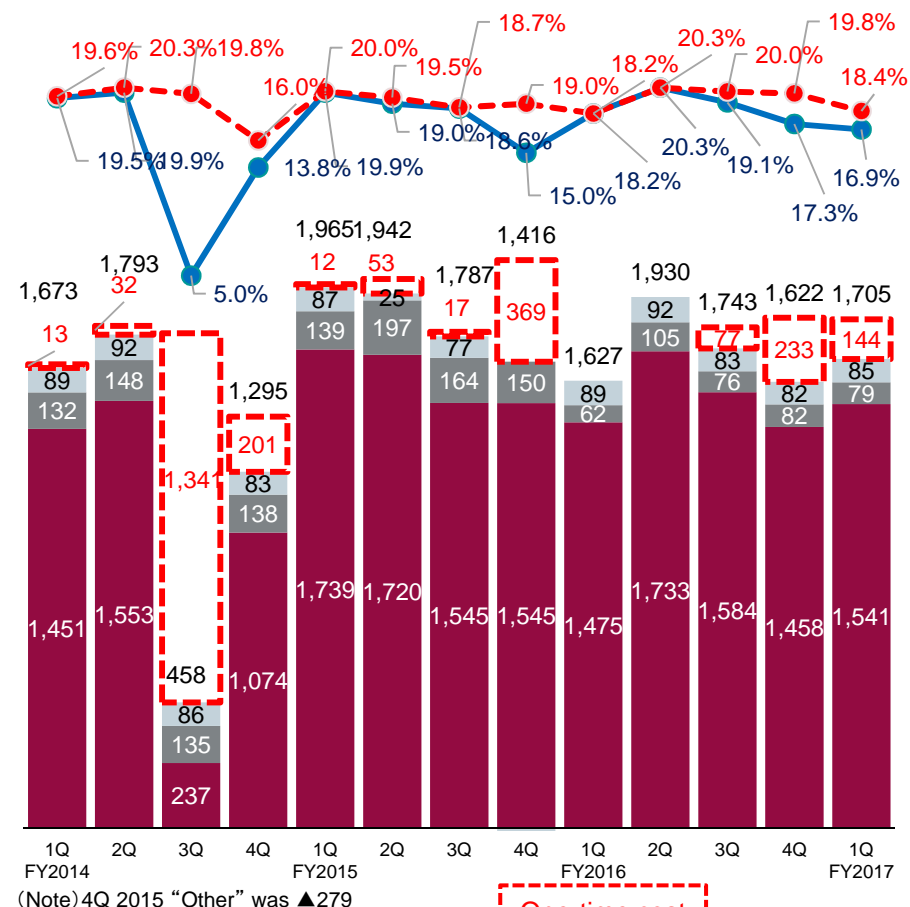
Sales and Operating margin trends by quarter

Sales trending upward after bottoming out in Q1 2016, high margin ratio maintained.

Sales (¥ million)



Operating profit - Operating margin (¥ million,%)



(Note) 4Q 2015 "Other" was ▲279

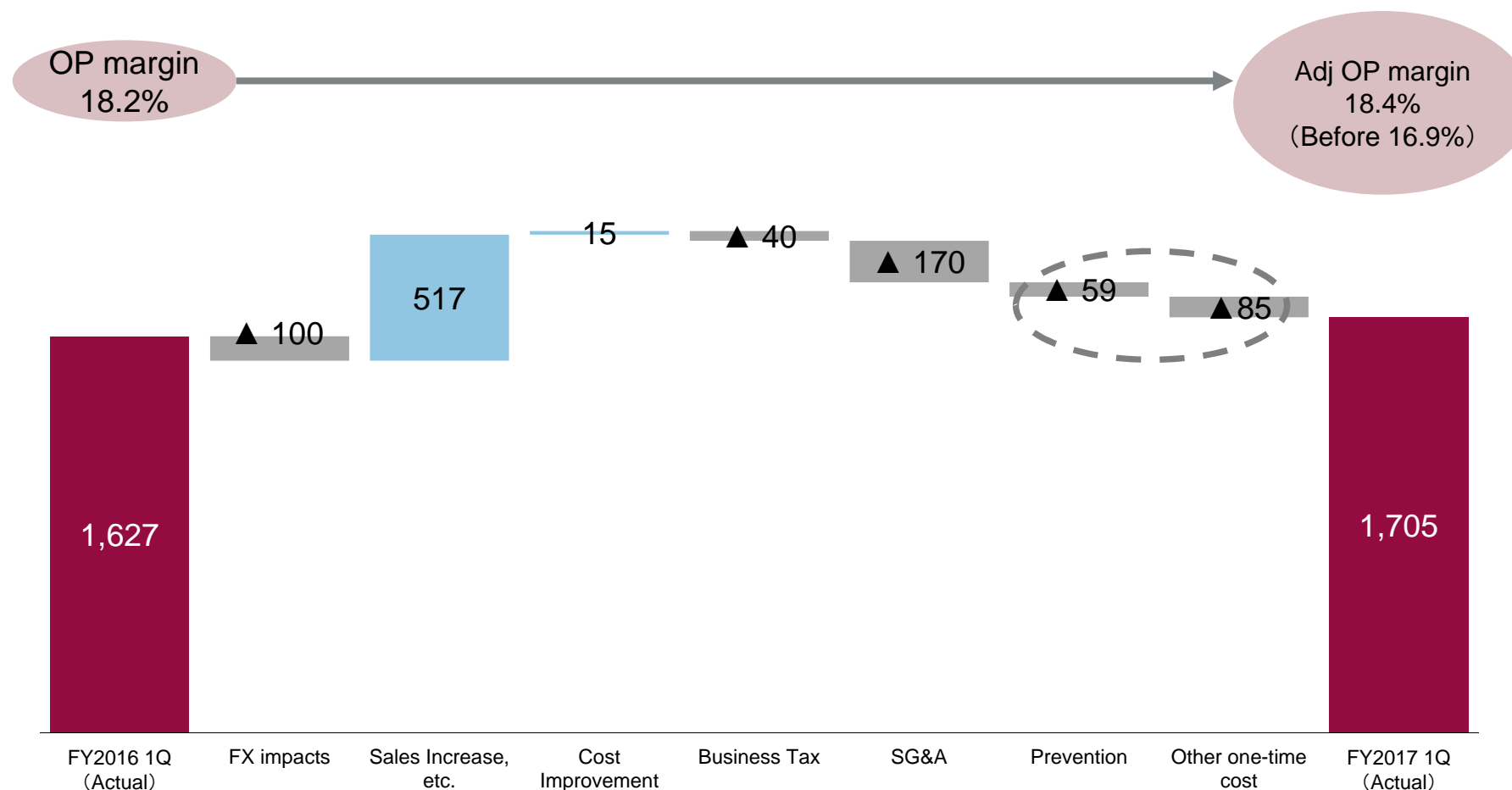
One-time cost



FY12/2017 1Q Operating margin bridge

Achieved 11.0% increase in OP profits excluding FX impacts.

Operating profit (vs FY12/2016 1Q)



(※) Adj OP margin excludes "Prevention" and "Other one-time cost"

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FY12/2017 1Q Sales by business segment vs FY12/2016 1Q



Achieved consolidated sales by +16.1% YoY due to strong performance of both Ball and Linear business.

(¥ million)

	FY2016 1Q	FY2017 1Q			
	Actual	Actual	FX impact	inc/dec (w/o FX)	inc/dec% (w/o FX)
Consolidated	8,939	10,065	▲313	1,439	16.1%
Ball business	7,716	8,692	▲318	1,294	16.8%
Linear business	1,130	1,280	5	145	12.8%
Other	93	93	—	0	▲0.1%

FY12/2017 1Q Sales by region (Ball business only) vs FY12/2016 1Q



Achieved strong sales in EU and Asia (Especially China +46.5% YoY, India +25.9% YoY)

(¥ million)

	FY2016 1Q	FY2017 1Q			
	Actual	Actual	FX impact	inc/dec (w/o FX)	inc/dec% (w/o FX)
Japan	2,854	3,062	—	208	7.3%
North America	1,475	1,514	▲25	64	4.3%
Europe	1,635	1,713	▲175	253	15.5%
Asia	1,752	2,403	▲118	769	43.9%

(For reference only) FY12/2017 1Q
Sales by region (Segments as in consolidated results)



(¥ million)

	FY2016 1Q	FY2017 1Q			
	Actual	Actual	FX impact	inc/dec (w/o FX)	inc/dec% (w/o FX)
Japan	4,056	4,336	—	280	6.9%
North America	1,475	1,514	▲25	64	4.3%
Europe	1,635	1,713	▲175	253	15.5%
Asia	1,774	2,502	▲113	841	47.4%

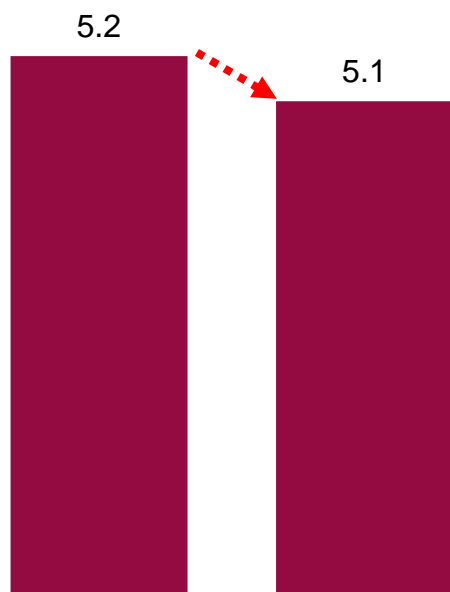


BS/CF

Steady increase in cash flows from constant improvement of BS and CF.

Inventory Turn-over (months)

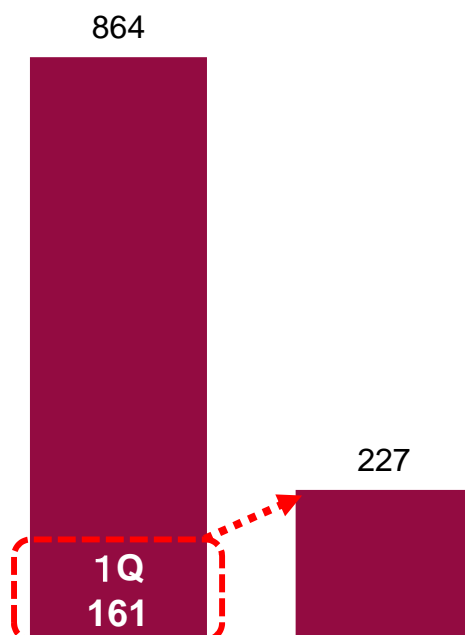
■ Keep same level as last year



FY2016 FY2017 1Q

CAPEX(¥ million)

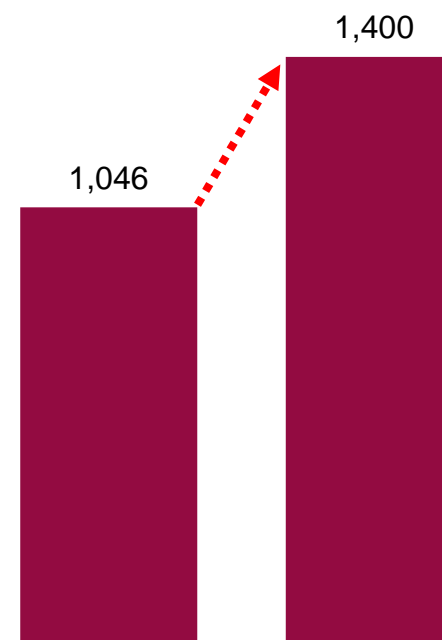
■ Keep appropriate level



FY2016 FY2017 1Q

FCF(¥ million)

■ Generate Cash flows constantly

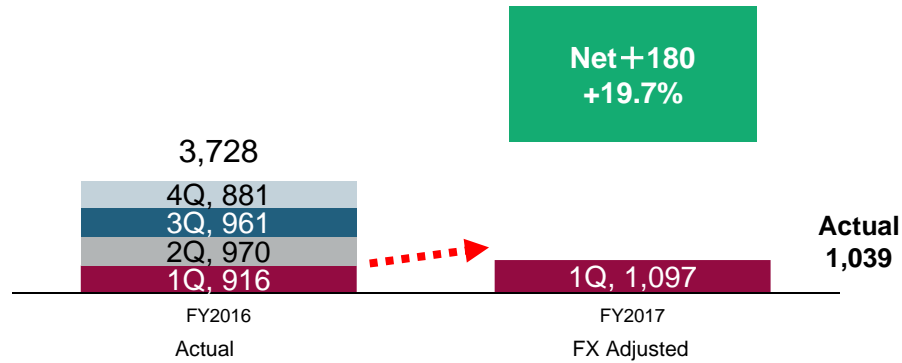


FY2016 1Q FY2017 1Q

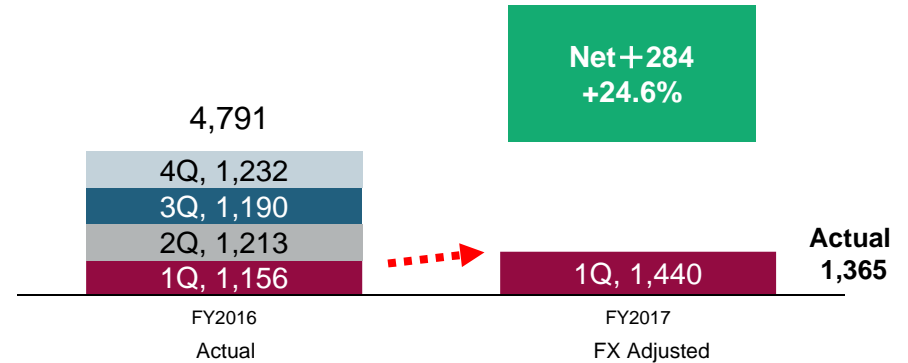
FY12/2017 1Q 4(Existing)+2(New) progress



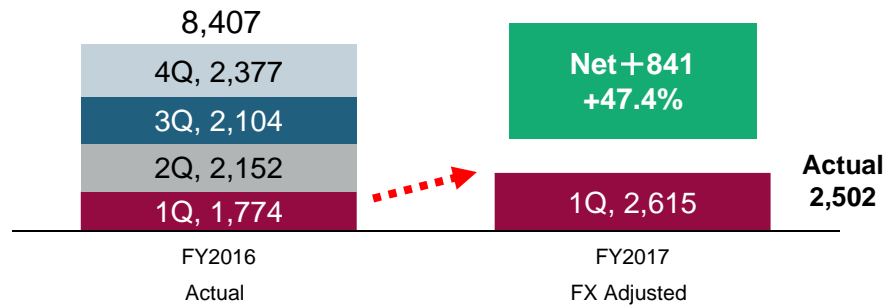
Sales to Non - Japanese Customers



Ceramic Balls (¥ million)



Growth in Asia



New Products



New initiatives

