



1 H FY2018 Results Presentation

August 10, 2018

Tsubaki Nakashima Co, Ltd.

(TSE 6464)



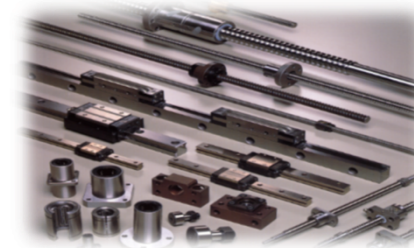
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1. 1H FY2018 results P2



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. 1H FY2018 RESULTS



Highlights for 1H FY2018

Integration with former PBC progressed as planned, Sales and Operating profit at record high

Sales

- Sales recorded a historical high of 38.9 billion Yen (YoY +88.4%)

Profits

- Operating profit marked a historical high of 5.4 billion Yen (YoY +55.9%)

Cash

- Generated FCF of 2.6 billion Yen
- Pulled forward CAPEX planned in 2H to enhance production capacity

Dividend

- Interim dividend of JPY39/share will be paid on Sep 3 (YoY +25.8%)
- Keep guideline for annual dividend of JPY79/share (YoY+23.4% annually)



1H FY2018 Consolidated results

On the back of PBC acquisition, Sales and Operating profit set a new record

	FY2017 1H	FY2018 1H					(¥ million)
	Actual	Actual (※2)	One-time	After One-time	FX impact	Inc/dec (※3)	Inc/dec% (※3)
Sales	20,653	38,901	—	—	453	17,795	86.2%
Operating profit	3,460	5,394	▲297	5,691	75	2,156	62.4%
EBITDA	4,256	7,131	▲297	7,428	93	3,079	72.4%
EBIT	3,094	4,840	▲297	5,137	146	1,897	61.4%
Net profit(※1)	2,276	3,515	▲215	3,730	62	1,392	61.1%

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

(※2) As former PBC results, Sales of 16,989 million Yen, OP of 1,499 million Yen, EBITDA of 2,424 million Yen, EBIT of 1,470 million Yen and Net profit of 1,105 million Yen are included in 1H FY2018

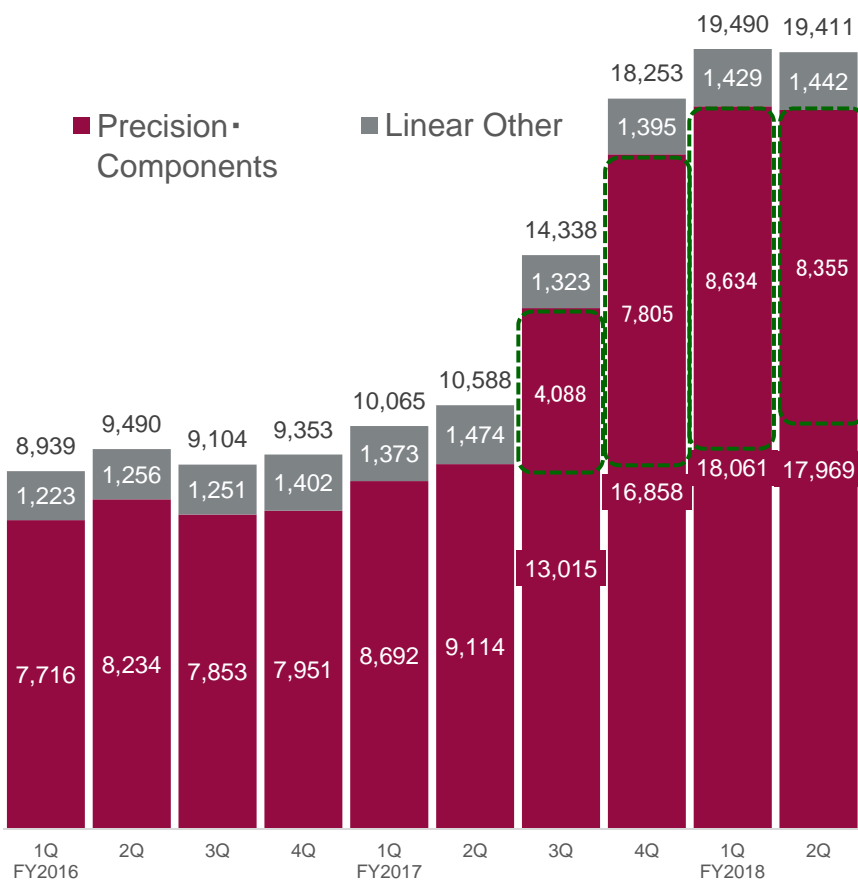
(※3) "Inc/dec" and "Inc/dec%" exclude "FX impact" and "One-time" cost



Sales and Operating margin trend by quarter

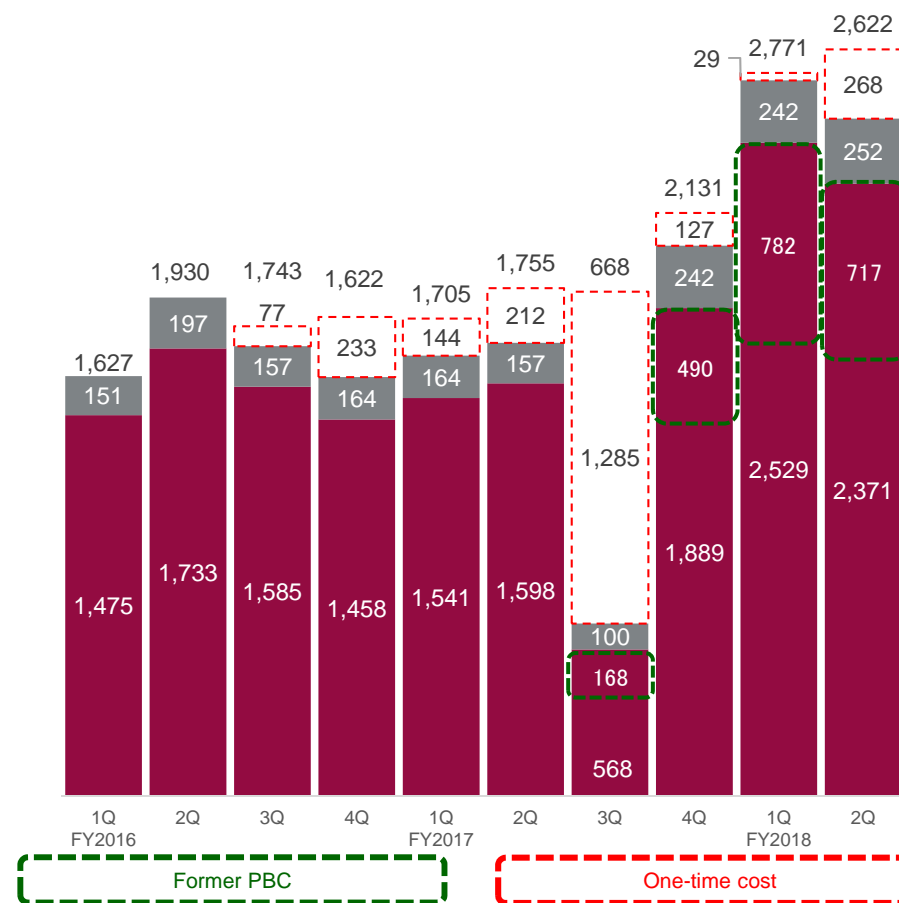
Quarterly sales revenue reached 19 billion yen or more for 2 consecutive quarters and maintained high level. Operating income also exceeded the previous quarter.

Sales (¥ million)



Operating profit (¥ million)

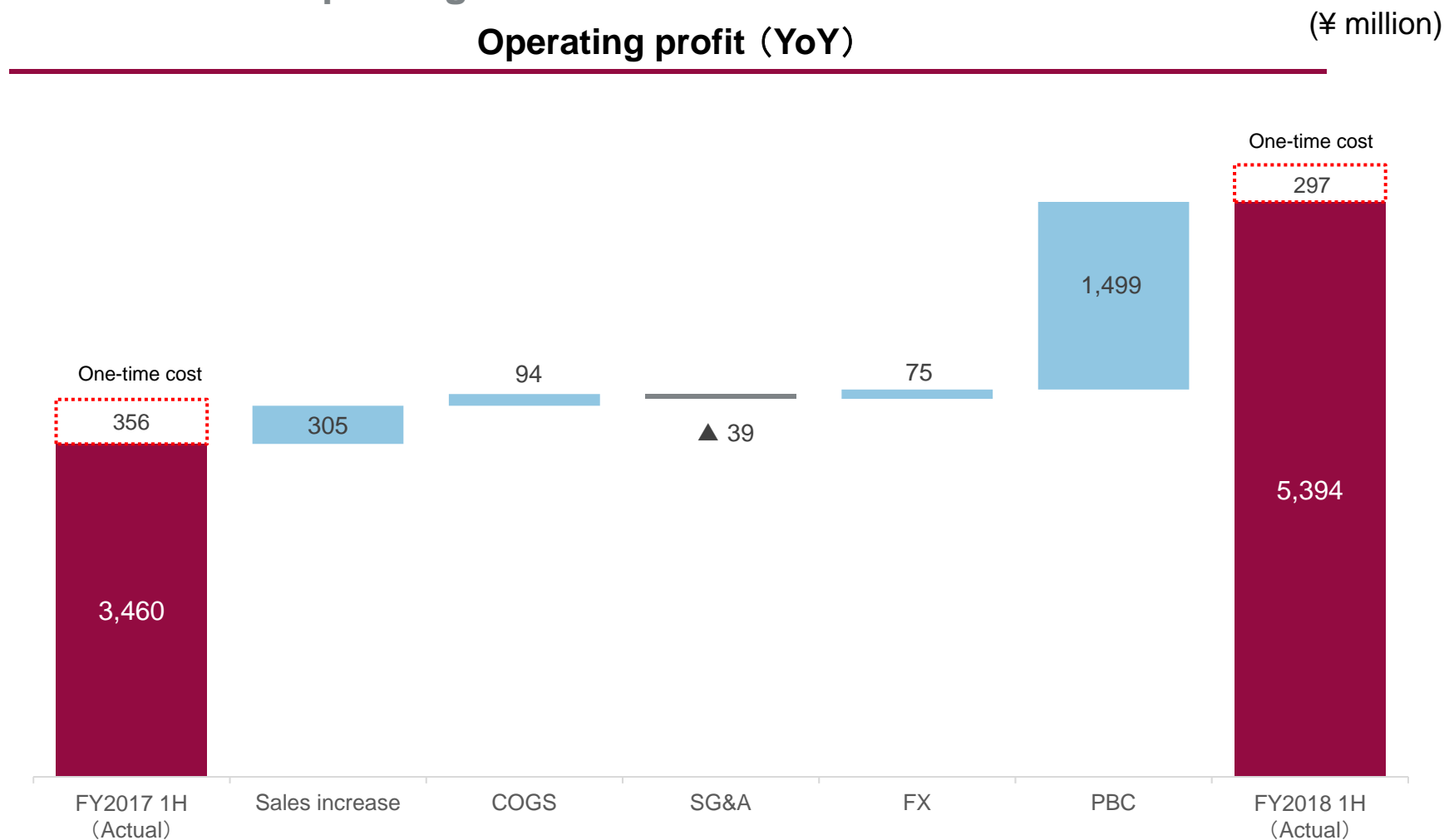
(※) Purchase Price Allocation (PPA) accompanying the acquisition of former PBC, we revised to reduce OP in 3Q-2017: 288 million yen, 4Q: 438 million yen, 1Q-2018: 143 million yen.





1H FY2018 Operating profit bridge

Former Tsubaki Nakashima's OP margin steady at high level. OP margin of the former PBC improving.



(※) As one-time cost, mainly records "Acquisition of former PBC" in 1H FY17 and "Expense related External Investigation Committee etc." in 1H FY18.

1H FY2018 Sales by segment YoY



Precision Components segment significantly exceeded YoY results and reached record high sales on the back of PBC acquisition.

	2017 1H	2018 1H				(¥ million)
	Actual	Actual	FX impact	Inc/dec (※1)	Inc/dec% (※1)	
Consolidated	20,653	38,901	453	17,795	86.2%	
Precision Components	17,806	36,030	452	17,772	99.8%	
Linear and Other	2,847	2,871	1	23	0.8%	

- Precision Components includes Precision Balls, rollers and stamped metals businesses
- Include sales of 16,989 million Yen of former PBC in Precision components of 1H FY2018.
- (※1) "Inc/dec" and "Inc/dec%" exclude "FX impact" and "One-time" cost.

1H FY2018 Sales by region (Precision Components Business only) YoY



Exceptional growth in Europe, North America and Asia due to the acquisition of PBC plus strong organic growth in existing business.

	FY2017 1H	FY2018 1H			
	Actual	Actual	FX impact	Inc/dec (※1)	Inc/dec% (※1)
Japan	6,470	6,779	—	309	4.8%
North America	3,065	7,662	▲115	4,712	153.8%
Europe	3,485	14,617	291	10,841	311.0%
Asia	4,786	6,973	276	1,911	39.9%

In 1H FY2018, include sales of former PBC in North America 4,360 million Yen Europe 10,735 million Yen and Asia 1,894 million Yen.
(※1) "Inc/dec" and "Inc/dec%" exclude "FX impact" and "One-time" cost.

(For Ref.) 1H FY2018 Sales by region YoY



	FY2017 1H	FY2018 1H			
	Actual	Actual	FX impact	Inc/dec (※1)	Inc/dec% (※1)
Japan	9,092	9,313	—	221	2.4%
North America	3,065	7,662	▲115	4,712	153.8%
Europe	3,485	14,617	291	10,841	311.0%
Asia	5,011	7,309	277	2,021	40.3%

In 1H FY2018, include sales of former PBC in North America 4,360 million Yen Europe 10,735 million Yen and Asia 1,894 million Yen.

(※1) "Inc/dec" and "Inc/dec%" exclude "FX impact" and "One-time" cost.



BS/CF

Sustained improvement in B/S management

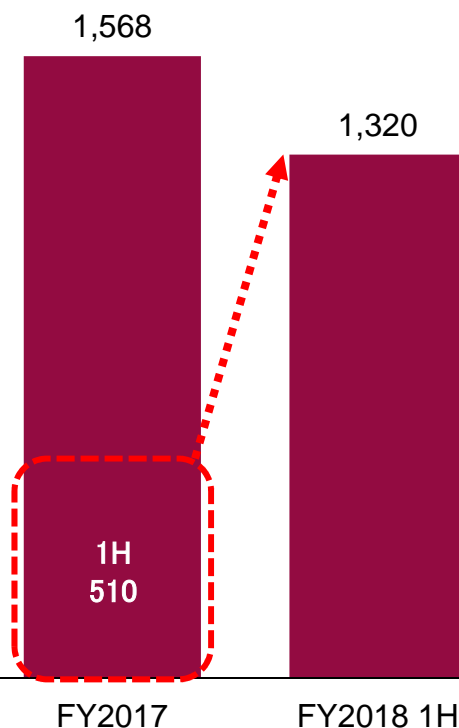
Inventory Turn-over (months)(※1)

- Keep inventory turn-over at last year level



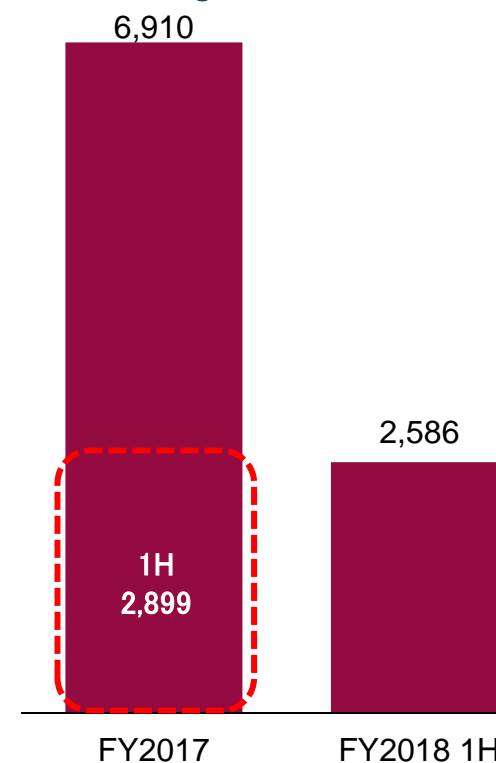
CAPEX(¥ million)(※2)

- Pulled forward CAPEX planned in 2H to enhance production capacity



Adjusted FCF (¥ million)(※3)

- Maintain FCF at last year level
- OP C/F improved despite increase in A/R due to strong sales



(※1) Sales of the former PBC is calculated as a weighted average of 4.5 months

(※2) Include CAPEX of 263 million Yen (4.5 months) of the former PBC in 2017 and 526 million Yen in 1H FY2018

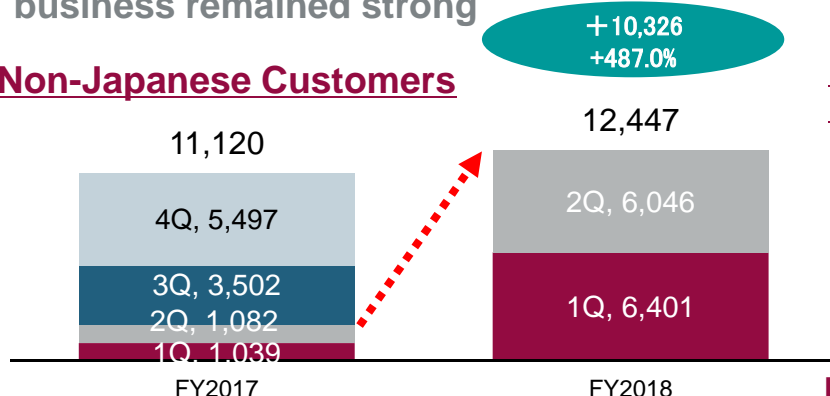
(※3) Adjusted FCF excludes 44,053 million Yen of PBC share purchase, and its related cost of 1,560 million Yen in FY2017.



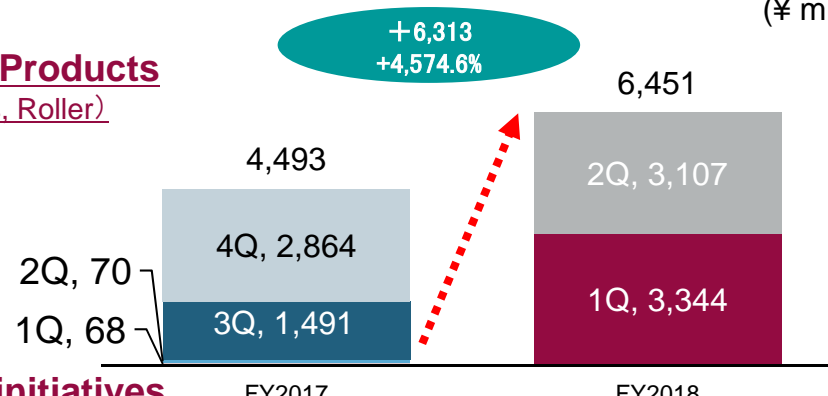
1H FY2018 4(Existing)+2(New) progress

Execution of sales strategy progressed rapidly due to the acquisition of PBC, growth in existing business remained strong (¥ million)

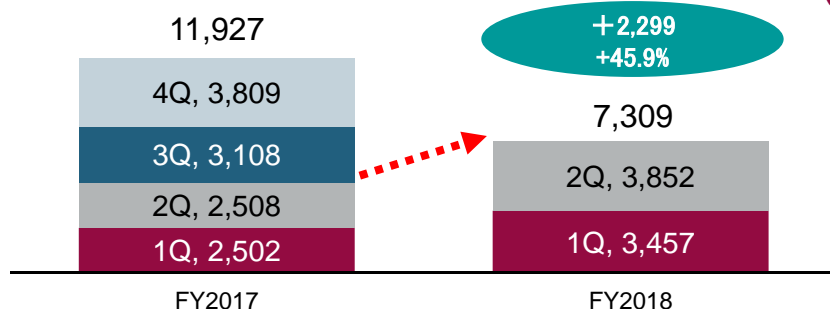
Non-Japanese Customers



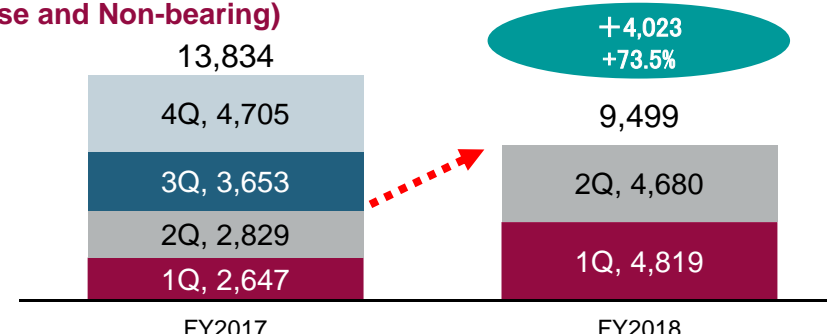
New Products (Glass, Roller)



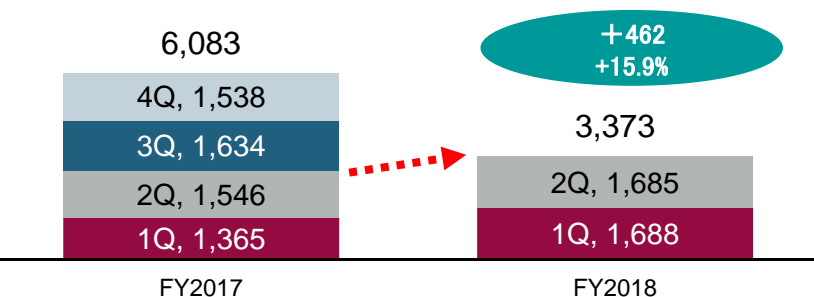
Growth in Asia



New initiatives (Japanese and Non-bearing)



Ceramic Balls



※Include former PBC results in the above charts

	PBC	2017 3Q (1.5M)	2017 4Q	2018 1Q	2018 2Q
Non-Japanese		2,376	4,456	5,175	5,025
Growth in Asia		562	1,028	843	1,051
New Products(Roller)		1,468	2,803	3,192	2,905
New initiatives		766	1,680	1,843	1,644

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