

Final Financial Results for the Fiscal Year Ended Nov. 2009

January 27, 2010

NACHI NACHI-FUJIKOSHI CORP.

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Part 2 Outline of the 2009 Closing and 2010 Projections

16 to 32

Market Awareness for 2009 and 2010

I Review of Fiscal 2009

- Reduction in demand in automotive, industrial machinery, and a wide range of other industries
- Continuing rise in yen and drop in dollar
- Reduction in demand and more severe competition driving sales prices down

II Market Awareness in 2010

- Clear trend in demand recovering centered on emerging nations
- Increase drive to expand production in eco-cars, compact new entry vehicles, and motorcycles, and build up production capacity
- Demand in machine tools and other industrial areas will bottom out
- Energy and infrastructure, and environmental fields will continue to grow

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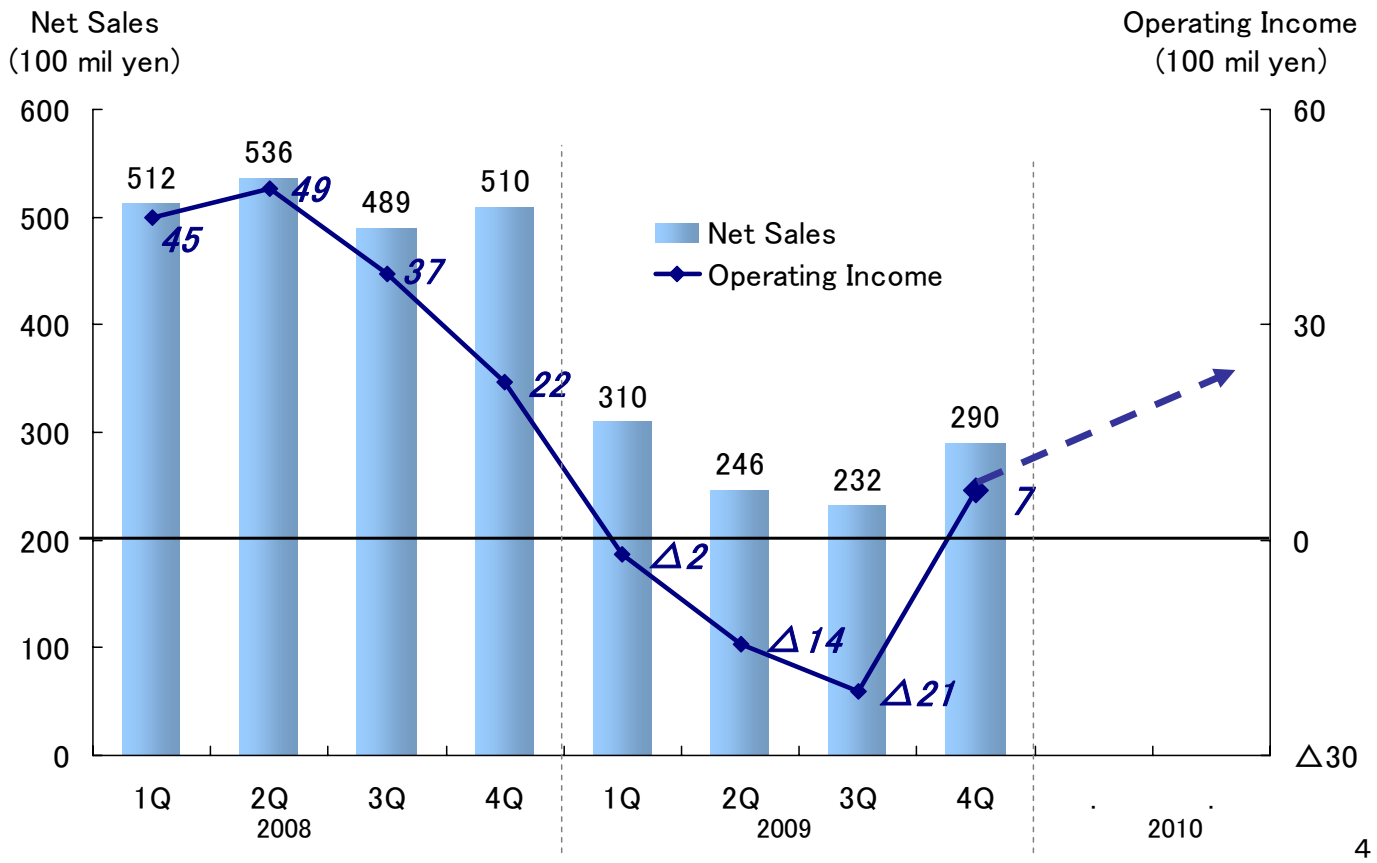
Performance for 2009 and Projections for 2010

(Unit: 100 mil yen)

	Fiscal 2009 Performance	Fiscal 2010 Projection
Net Sales	1,075	1,300
Operating Income	(Δ3.0%) Δ32	(4.2%) 55
Ordinary Income	(Δ4.7%) Δ50	(2.7%) 35
Net Income	Δ74	25
Cash dividend per share	1.5 yen	Undecided

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Fluctuations in Business Results Per Quarter



Management Initiatives

Management Policies for Fiscal 2010

○ Improve performance by securing orders received and sales, and implementing full-scale cost strategies

I Cultivate Markets in Emerging Nations

II Expand Energy, Infrastructure, and Environment Related Businesses

III Energize and Leverage Engineering Business

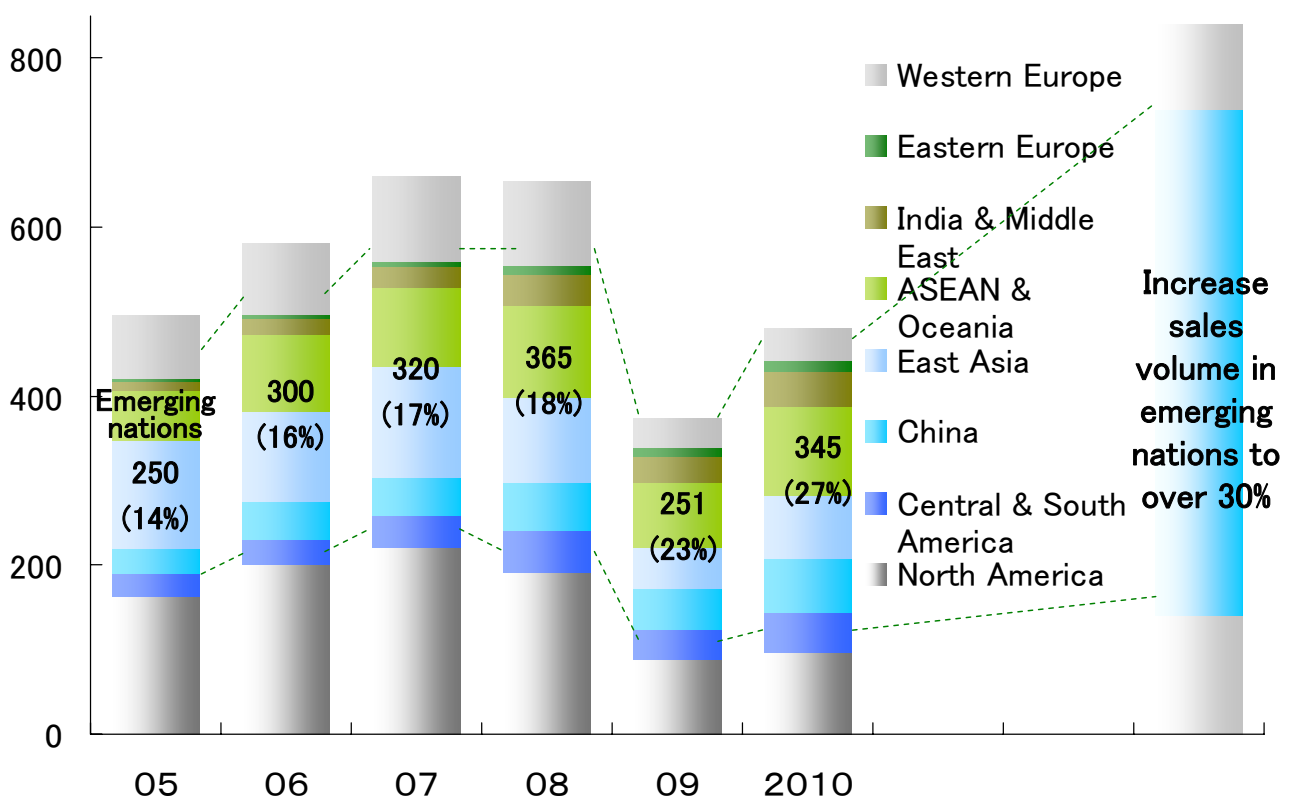
IV 30% Cost Reform

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① Cultivate Markets in Emerging Nations

Sales (100 mil yen)

○ Overseas Sales (by region)



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① Cultivate Markets in Emerging Nations

1. Expand local production systems

- Bolster production systems in Thailand, Brazil, and China (Guangzhou)
- Increase tool regrinding locations



Brazil No. 2 Factory Expansion



Thailand No. 3 Factory New Construction

2. Strengthen sales and presentation system

- Beef up presentation facilities in Thailand and Dubai
- Proactively exhibit at trade fairs and private shows



ASEAN Business Center & Trade Fair (Thailand)

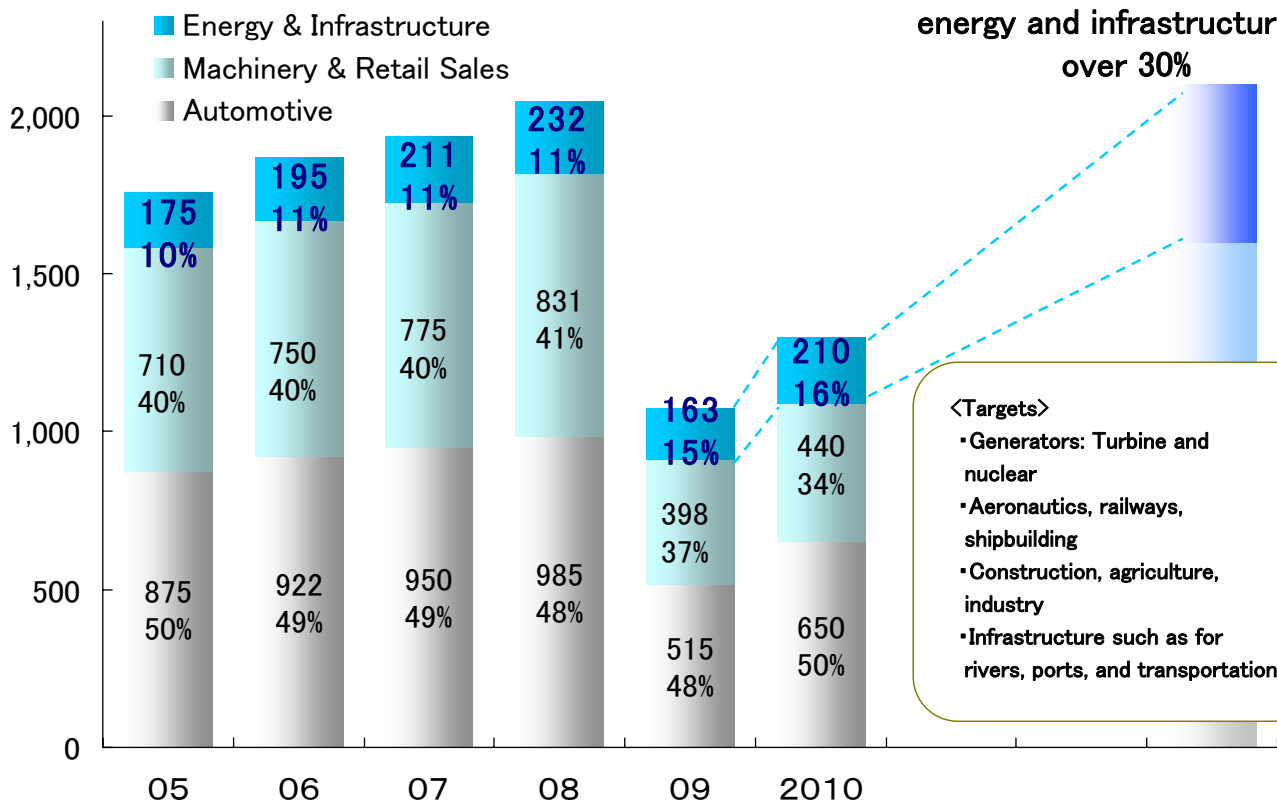


Dubai Sales Base & Showroom

② Expand Energy and Infrastructure Fields

○ Breakdown of Sales for Each Market

Sales (100 mil yen)



Increase sales volume in energy and infrastructure to over 30%

<Targets>

- Generators: Turbine and nuclear
- Aeronautics, railways, shipbuilding
- Construction, agriculture, industry
- Infrastructure such as for rivers, ports, and transportation

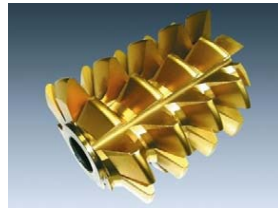
② Expand Energy and Infrastructure Fields

○ Introduction of New Products to the Market

- 1 Introduce **palletizing robot** for transportation infrastructure to expand sales focusing on emerging nations
- 2 Upgrade precision tools for turbine and wind-power electric generation



X'mas tree formed cutter



Large hob



Palletizing robot



Unit for gate for managing rivers

- 3 Expand business with our energy-saving α **Design Unit** hydraulic units and establish Chubu hydraulic center for railways, rivers, ports, and environmental systems

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Boost Production of Products for Eco-cars and Compact Cars

1 For hybrids and compact cars

- **Bearing for CVJ**
- **Precision tools for motor parts**
- **Car control valves**
(proportional valves, 3-way valves)



Bearing for CVJ

2 Spur innovation in production methods

- **Robot with 7-axis arm**
Robotization of many processes in conveyor and production lines
- **Power finisher**
More flexibility on engine lines



Control valves



Robot with 7-axis arm



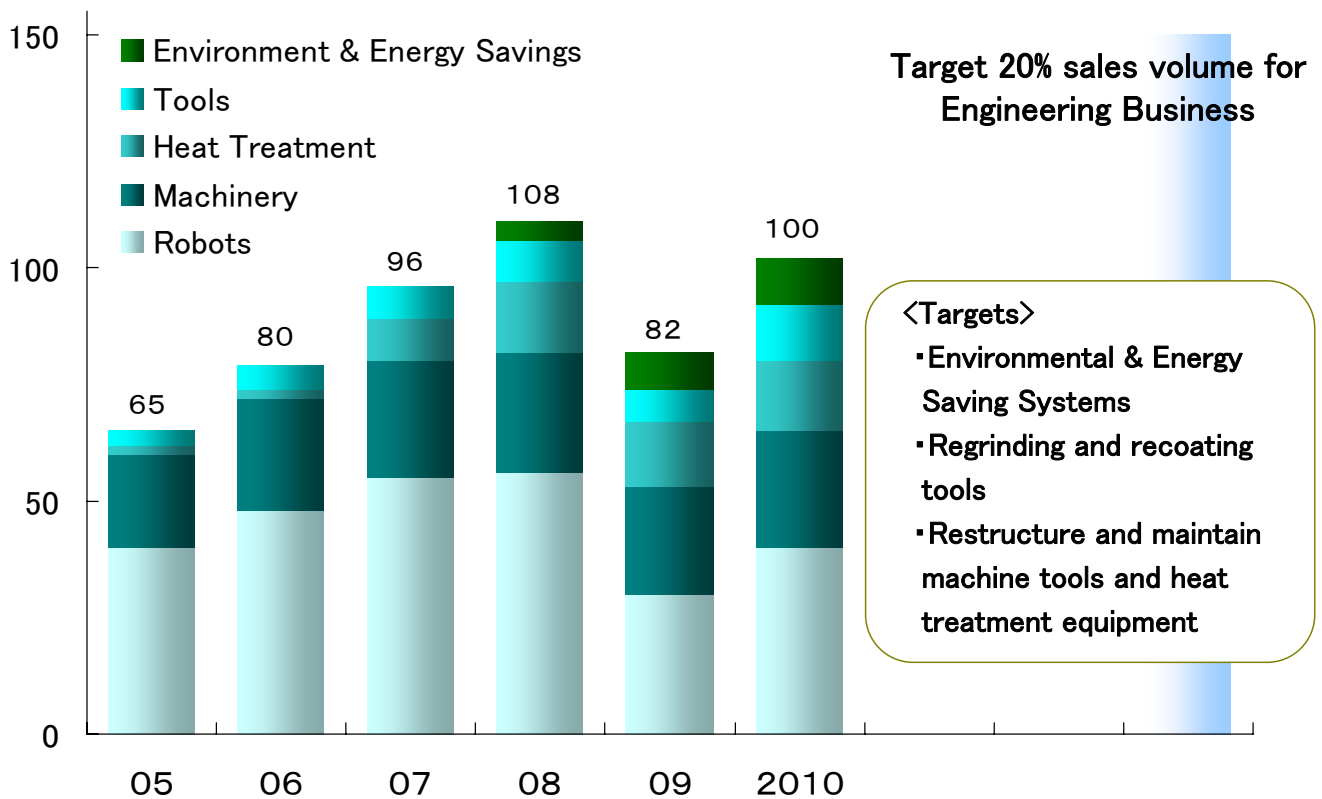
Power finisher

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③ Put New Ideas and Energy into Engineering Business

○ Sales of Engineering Business

Sales (100 mil yen)



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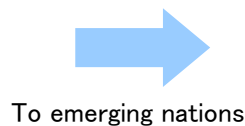
③ Put New Ideas and Energy into Engineering Business

○ Establish specialized engineering companies and promote business

- 1 Established Nachi Tool Engineering (NTE) to regrind and recoat tools as the mother base for expansion worldwide



Nachi Tool Engineering



Shanghai

Mexico

- 2 Nachi Industrial Service Co., Ltd. established for energy, resource, and labor savings in machining systems



Solidification and automatic transport of scraps from cutting and grinding



Machining fluid filtration (recycling) system

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④ 30% Cost Reform

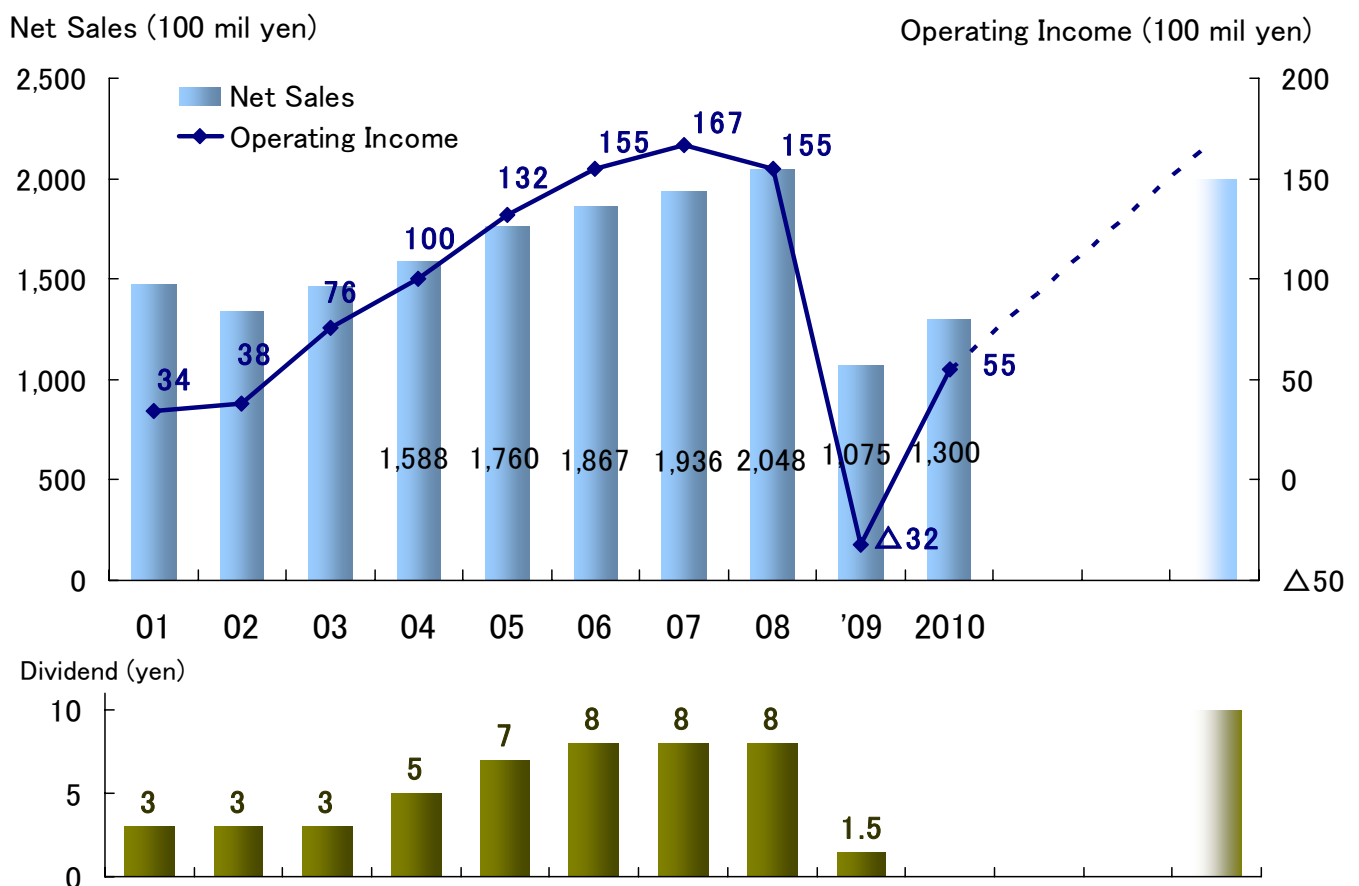
○ Expand exhaustive cost reforms

Radically reorganize product designs, manufacturing methods, and production sites (bases)

1. Use materials, heat treatment, and coating technologies to implement **materials innovation (develop low-cost materials that satisfy functionality)** for tools and components
2. Revise specifications to meet requested functions (super-quality-check)
 - Check quality level such as precision
 - Revamp and integrate development of types of machinery to have fewer components with more shared parts
3. Redesign manufacturing methods
 - Eliminate and shorten processes to reorganize machining methodologies
 - Reduce manpower with robotization and automation and improve quality
 - Select Optimum production locations (bases)
4. Expand procurement overseas
 - Exploit overseas bases and networks of allied companies

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Management Targets for Fiscal 2010



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Outline of the Closing for Fiscal 2009

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Outline: Consolidated Final Results for Fiscal 2009

FY '09

(Unit: 100 mil yen)

	Fiscal 2008 Performance (A)		Fiscal 2009 Performance (B)		Change (%) (B)-(A)	
Net Sales	2,048		1,075		(Δ47.5%)	Δ972
Operating Income	(7.6%)	155	(Δ3.0%)	Δ32	—	Δ187
Ordinary Income	(6.8%)	139	(Δ4.7%)	Δ50	—	Δ190
Extraordinary Profit		9		7		Δ2
Extraordinary Loss		9		13		+3
Net Income		83		Δ74	—	Δ157

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Financial Data

FY '09

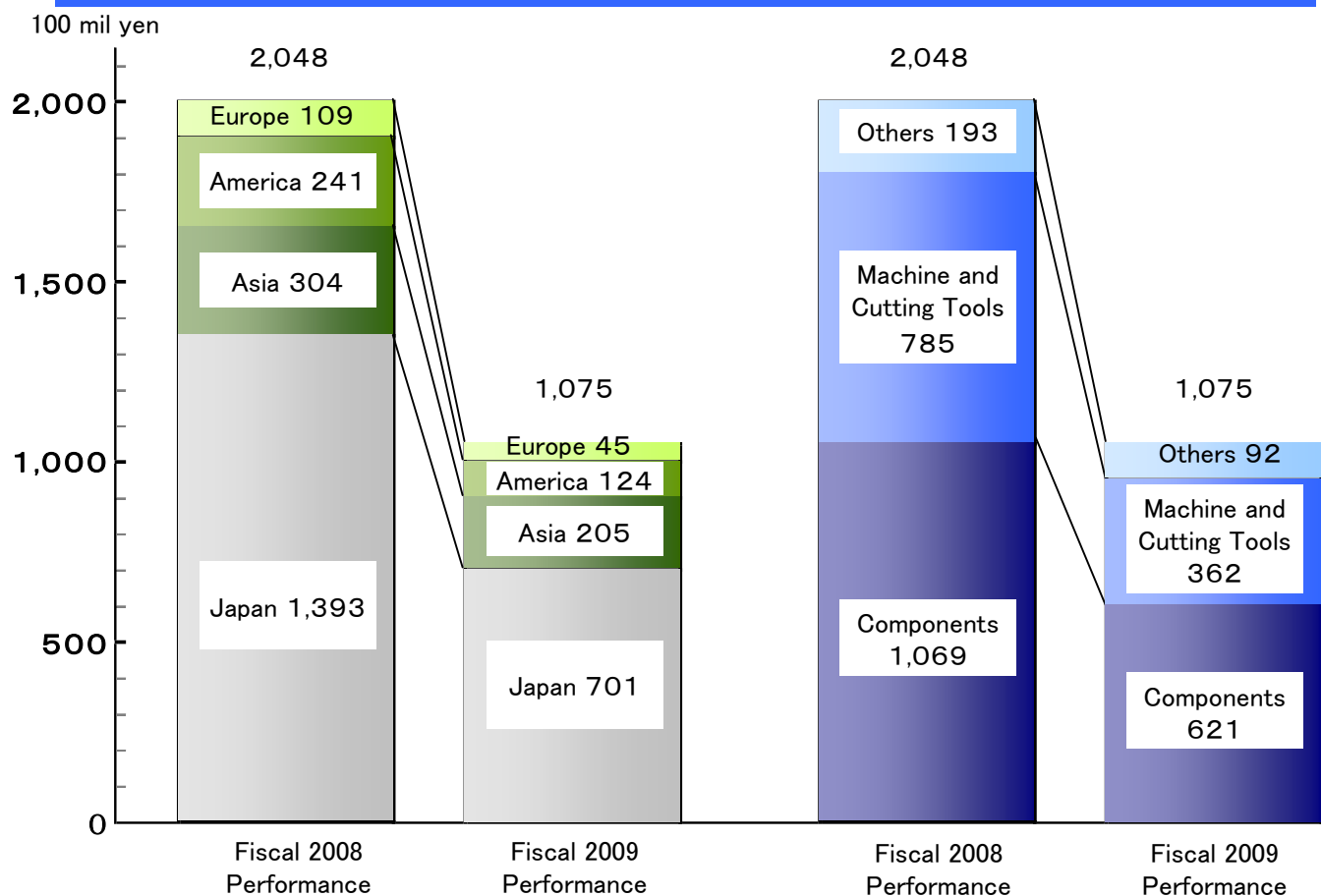
(Unit: 100 mil yen)

	Fiscal 2008 Performance (A)	Fiscal 2009 Performance (B)	Change (B) - (A)
Dividend per share (dividend payout ratio)	(23.8%) 8 yen	(-) 1.5 yen	Δ6.5 yen
Total Assets	1,924	1,762	Δ161
Shareholders' Equity (equity capital ratio)	(31.6%) 607	(26.8%) 471	Δ135
Debt with Interest (net D/E ratio)	(1.1x) 681	(1.3x) 874	+192
Capital Expenditures	180	80	Δ99
Depreciation Cost	102	95	Δ7
Human Resources	5,853 jobs	5,351 jobs	Δ502 jobs
Exchange rate (US\$) (EUR)	107 Yen 161 Yen	95 Yen 128 Yen	12 Yen appreciated 33 Yen appreciated

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Factors of Fluctuating Sales (by Area and Business Field)

FY '09



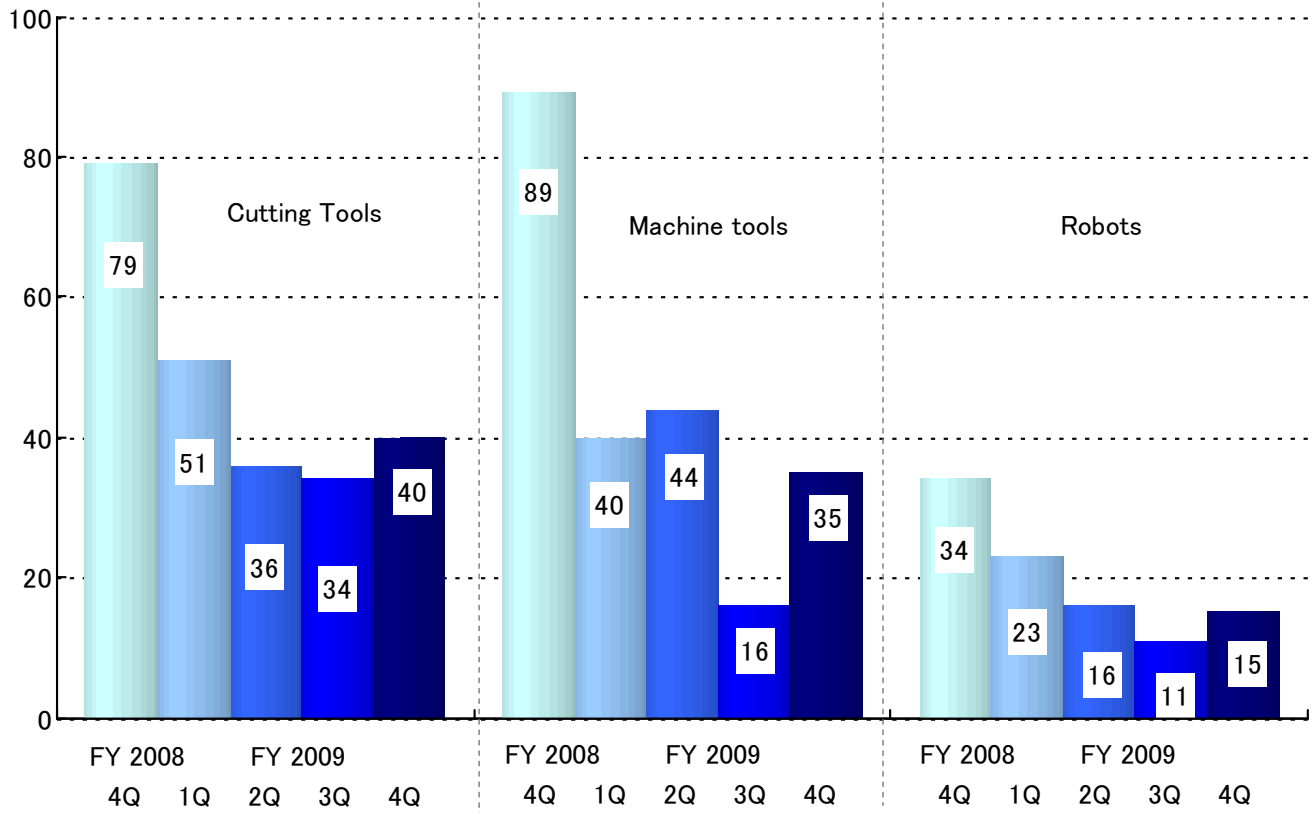
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Sales by Business (Machine and Cutting Tools)

FY '09

○ Sales by Business

(Unit: 100 mil yen)

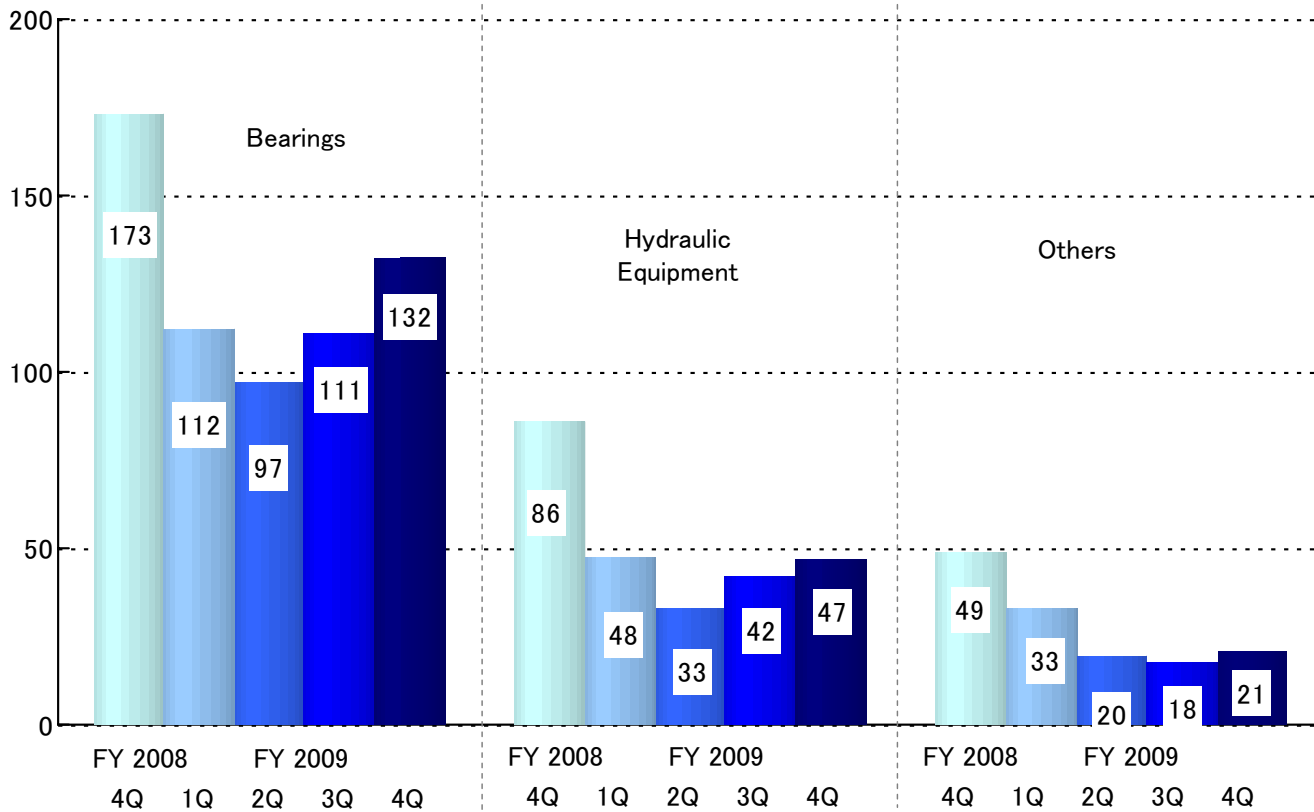


Sales by Business (Components and Others)

FY '09

○ Sales by Business

(Unit: 100 mil yen)



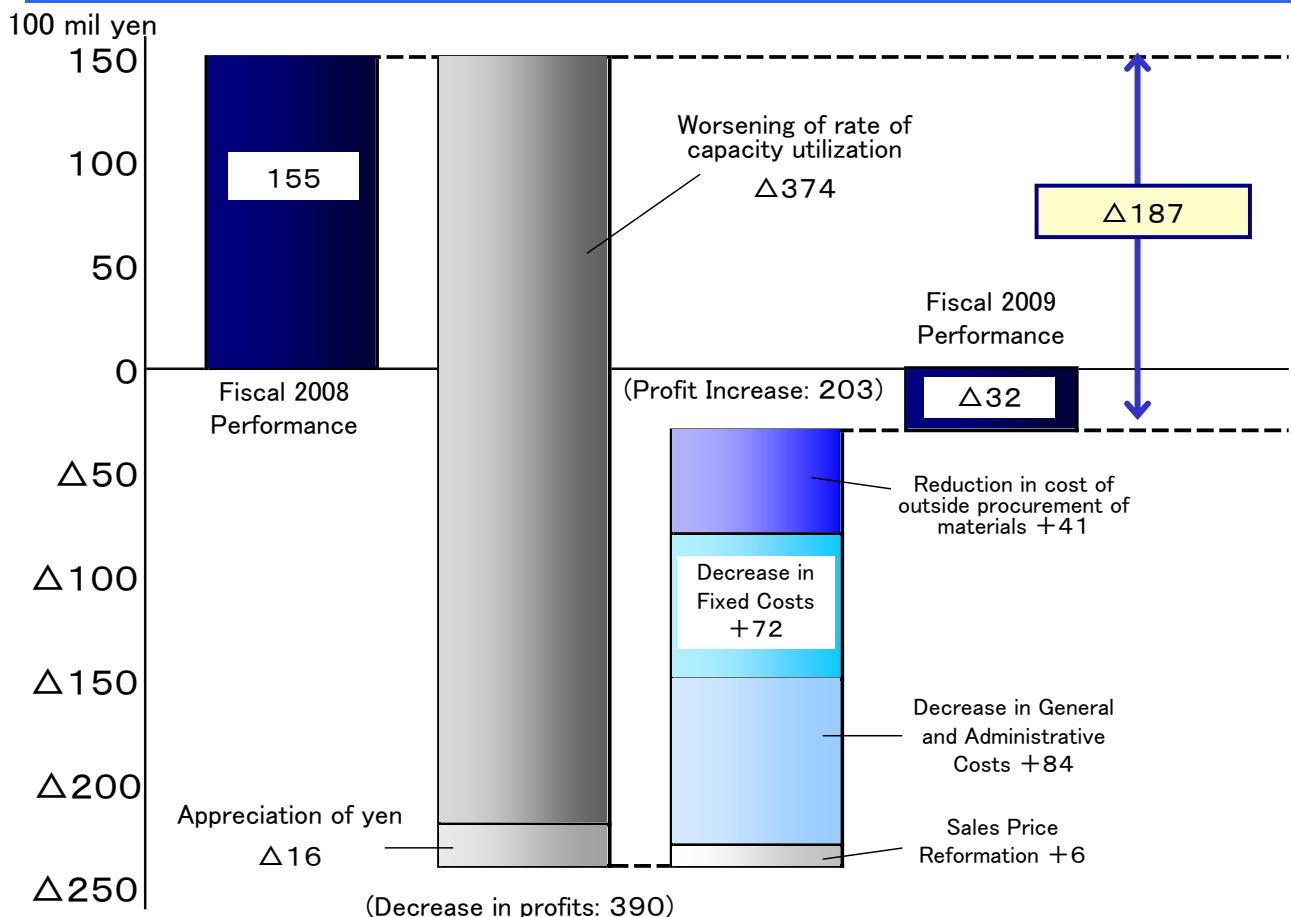
Net Sales & Operating Income by Business Segment FY '09

(Unit: 100 mil yen)

	Fiscal 2008 Performance (A)	Fiscal 2009 Performance (B)	Change (%) (B)-(A)
Machine & Cutting Tools			
Net Sales	785	362	(Δ53.8%) Δ422
Operating Income	(5.1%) 40	(Δ5.0%) Δ18	— Δ58
C o m p o n e n t s			
Net Sales	1,069	621	(Δ41.9%) Δ448
Operating Income	(9.1%) 97	(Δ1.6%) Δ9	— Δ107
O t h e r s			
Net Sales	193	92	(Δ52.4%) Δ101
Operating income	(8.7%) 16	(Δ5.5%) Δ5	— Δ21
Total Net Sales	2,048	1,075	(Δ47.3%) Δ972
Total Operating Income	(7.6%) 155	(Δ3.0%) Δ32	— Δ187

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Changes in Operating Income Parameters FY '09



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Outline of the Projections for Fiscal 2010

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Projections for Fiscal 2010

FY '10

(Unit: 100 mil yen)

	Fiscal 2009 Performance (A)	Fiscal 2010 Projections (B)	Change (%) (B)-(A)
Net Sales	1,075	1,300	(+20.8%) +224
Operating Income	(Δ3.0%) Δ32	(4.2%) 55	— +87
Ordinary Income	(Δ4.7%) Δ50	(2.7%) 35	— +85
Extraordinary Profit	7	—	Δ7
Extraordinary Loss	13	3	Δ10
Current Net Profit	Δ74	25	— +99

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Financial Data

FY '10

(Unit: 100 mil yen)

	Fiscal 2009 Performance (A)	Fiscal 2010 Projections (B)	Change (B) - (A)
Dividend per share (dividend payout ratio)	(-) 1.5 yen	Undecided	—
Total Assets	1,762	1,750	△12
Shareholders Equity (equity capital ratio)	(26.8%) 471	(28.2%) 493	+21
Debt with Interest (net D/E ratio)	(1.3x) 874	(1.1x) 785	△90
Capital Expenditures	80	50	△30
Depreciation Expense	95	85	△10
Human Resources	5,351 jobs	5,350 jobs	—
Exchange rate (US\$) (EUR)	95 yen 128 yen	90 yen 125 yen	5 Yen appreciated 3 Yen appreciated

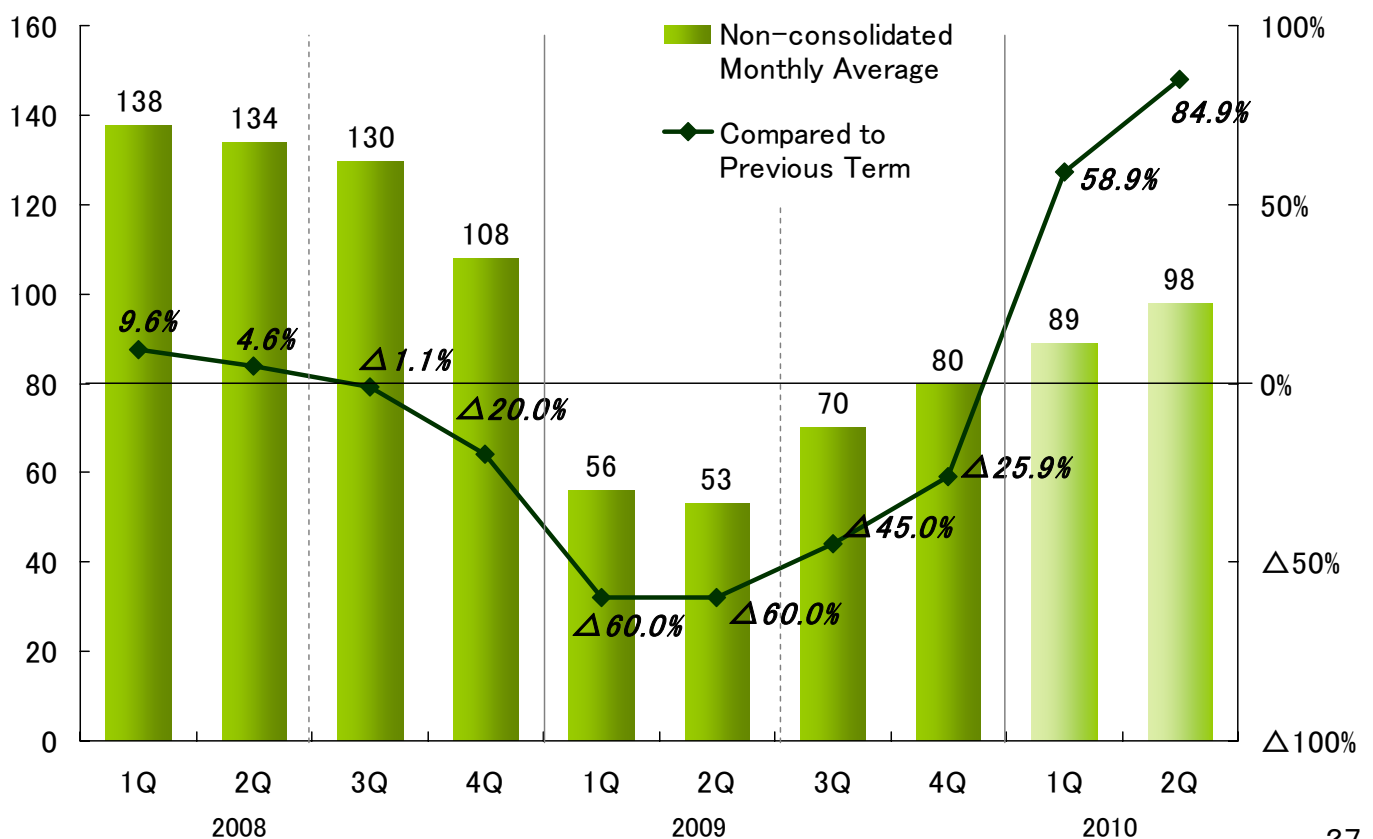
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Trends in Orders Received Non-consolidated

FY '10

Monthly average of orders received (100 mil yen)

Compared to previous term



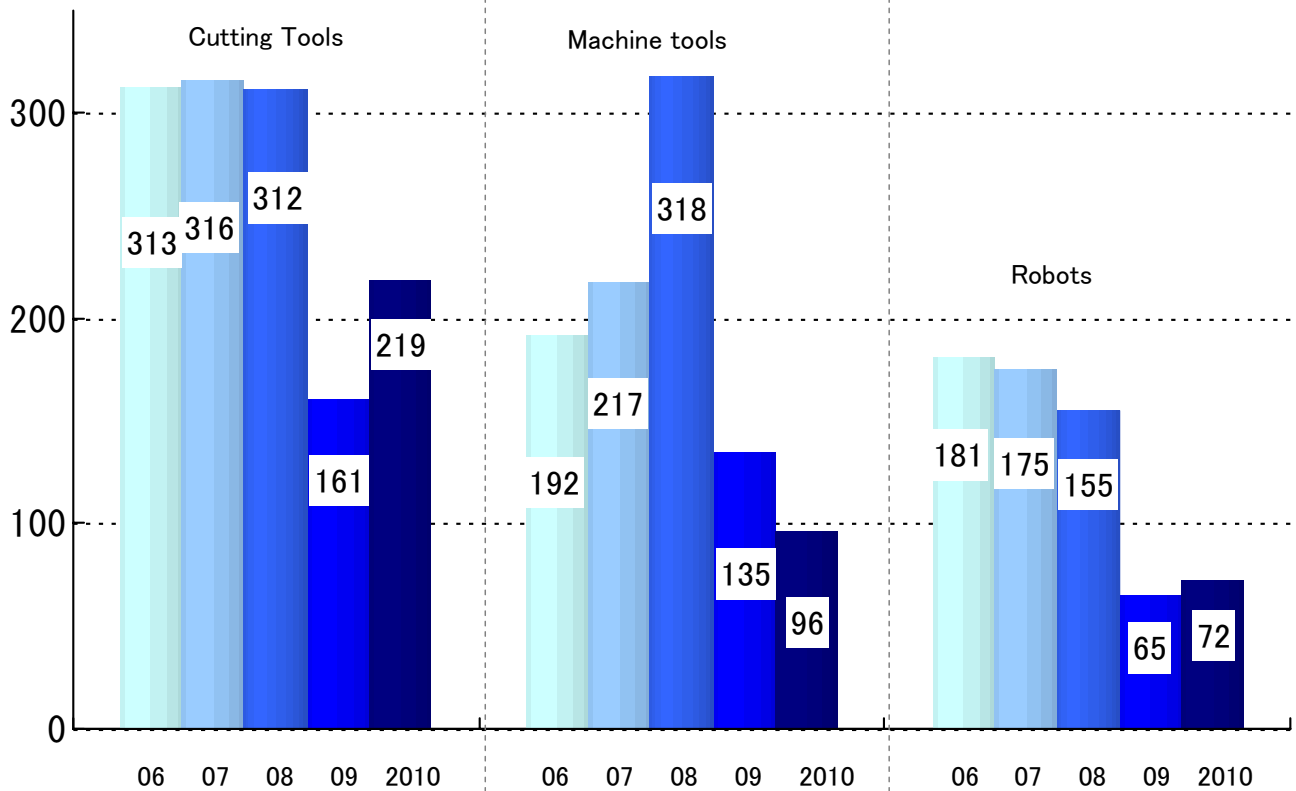
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Sales by Business (Machine and Cutting Tools)

FY '10

(Unit: 100 mil yen)

(Unit: 100 mil yen)

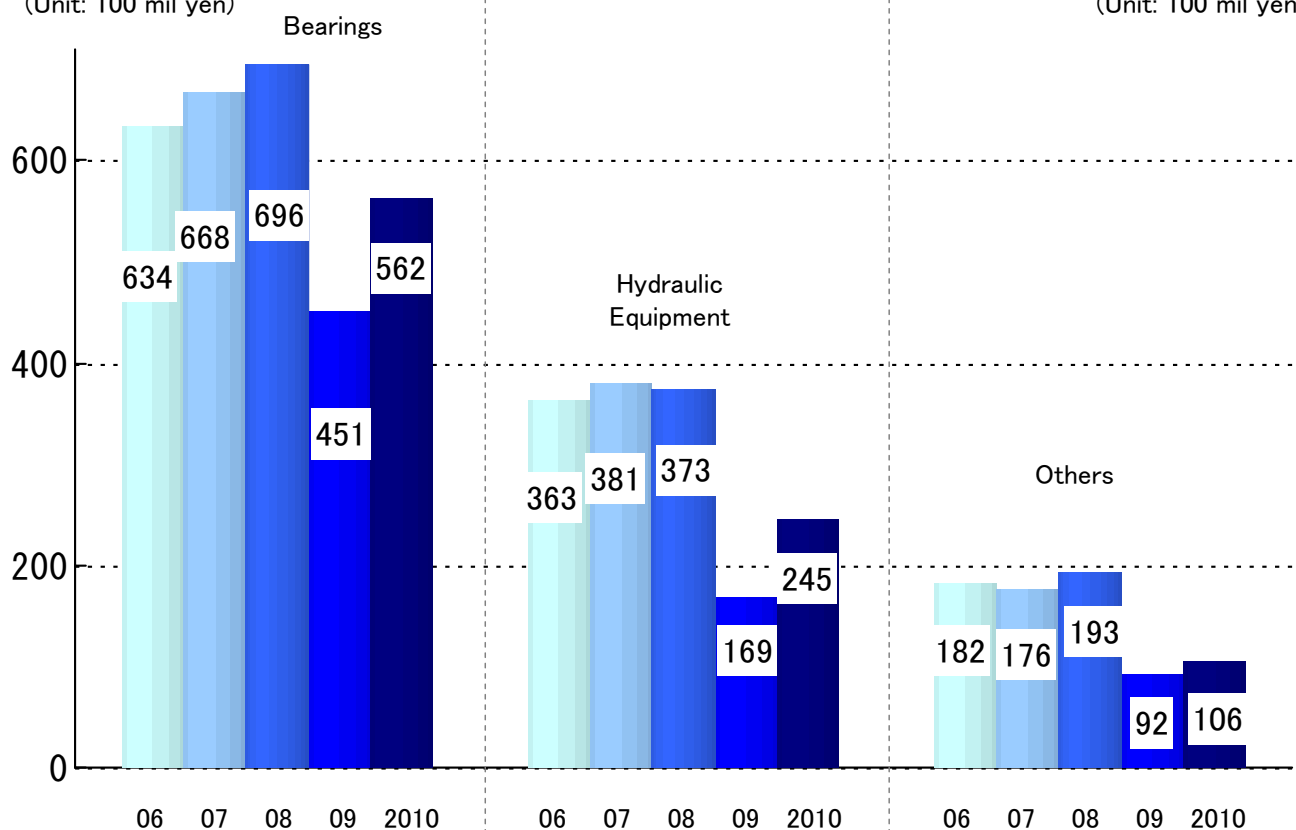


Sales by Business (Components and Others)

FY '10

(Unit: 100 mil yen)

(Unit: 100 mil yen)



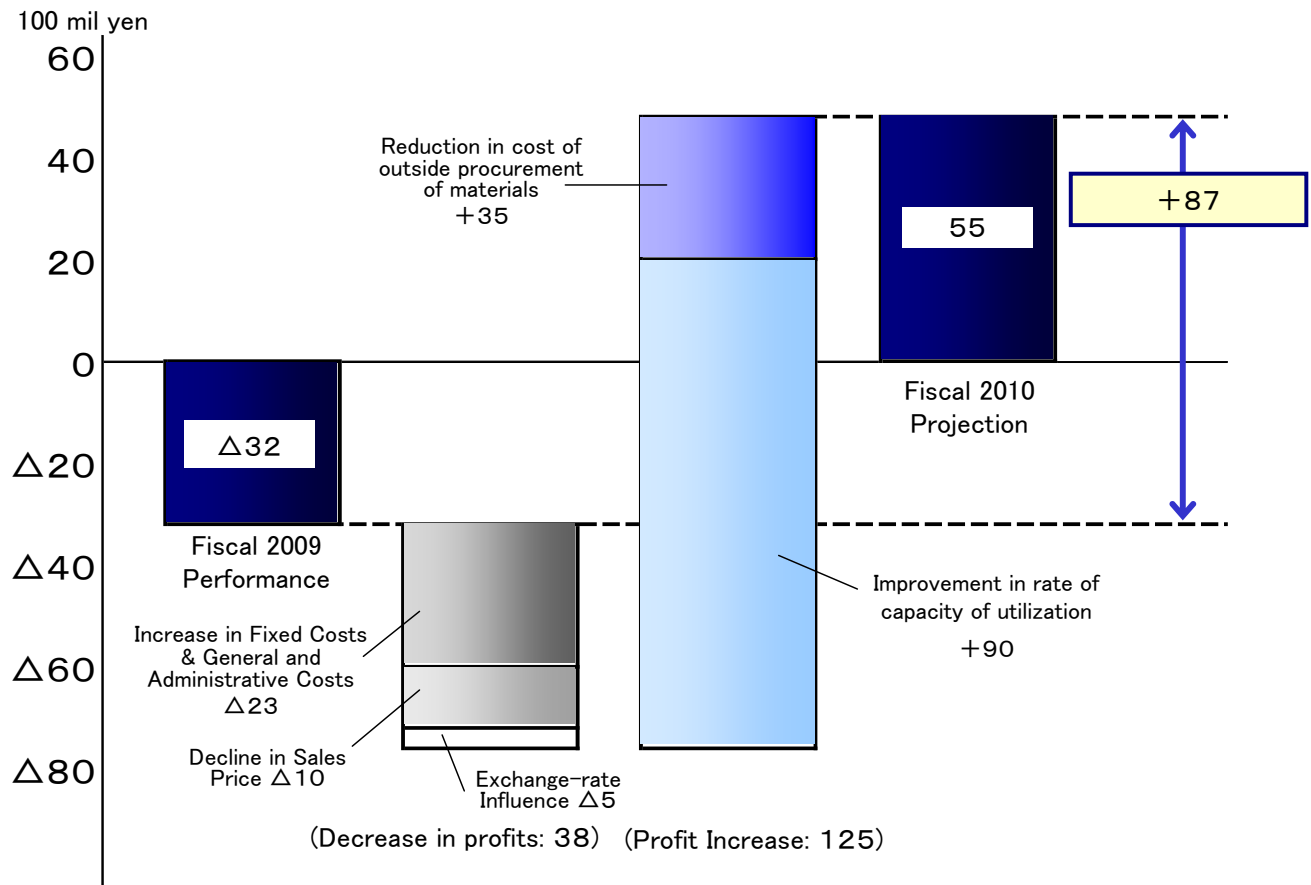
Net Sales & Operating Income by Business Segment FY '10

(Unit: 100 mil yen)

	Fiscal 2009 Performance (A)	Fiscal 2010 Projections (B)	Change (%) (B)-(A)
Machine & Cutting Tools			
Net Sales	362	387	(+6.8%) +24
Operating Income	(Δ 5.0%) Δ 18	(1.2%) 5	- +23
C o m p o n e n t s			
Net Sales	621	807	(+29.9%) +185
Operating Income	(Δ 1.6%) Δ 9	(5.6%) 45	- +54
O t h e r s			
Net Sales	92	106	(+14.9%) +13
Operating Income	(Δ 5.5%) Δ 5	(4.7%) 5	- +10
Total Net Sales	1,075	1,300	(+20.8%) +224
Total Operating Income	(Δ 3.0%) Δ 32	(4.2%) 55	- +87

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Changes in Operating Income Parameters FY '10



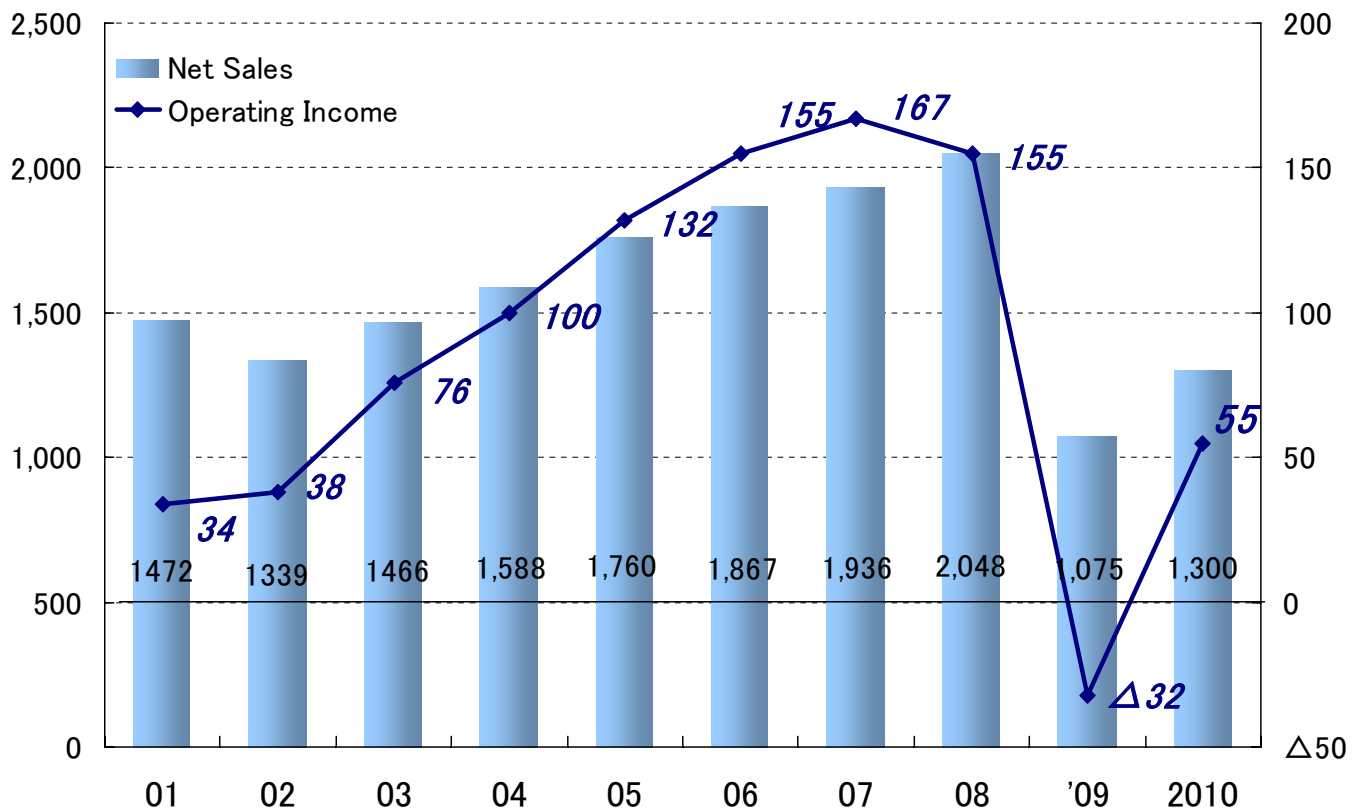
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Fluctuations in Performance

FY '10

Net Sales (100 mil yen)

Operating Income (100 mil yen)



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