

# Business Results

## for the First Half of FY2019

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July 18, 2019



NACHI-FUJIKOSHI CORP.

### Outline

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- |   |         |
|---|---------|
| 1. Strategy for FY2019  | 2 – 9   |
| 2. Overview of the Business Results<br>For the First Half of FY2019 | 10 – 15 |
| 3. Overview of the Business Forecast<br>for FY2019                  | 16 – 21 |

# Strategy for FY2019

2

## Results for the First Half of FY2019 and Forecast for FY2019

### Overview

(Billion yen)

	FY2018		FY2019	
	1H	Full Year	1H	Full Year Forecast
<i>(Rate of Growth)</i>			<i>(+2.0%)</i>	<i>(+3.1%)</i>
Net sales	124.6	252.2	127.1	260.0
Operating Income	(6.5%) 8.1	(6.1%) 15.3	(-7.8%) (5.9%) 7.4	(+11.1%) (6.5%) 17.0
Ordinary Income	(5.7%) 7.0	(5.5%) 13.9	(-6.6%) (5.2%) 6.6	(+11.5%) (6.0%) 15.5
Net Income	4.4	8.9	4.2	10.5
(USD)	109 yen	110 yen	110 yen	109 yen
(Euro)	132 yen	130 yen	125 yen	123 yen
(RMB)	17.1 yen	16.7 yen	16.3 yen	15.9 yen

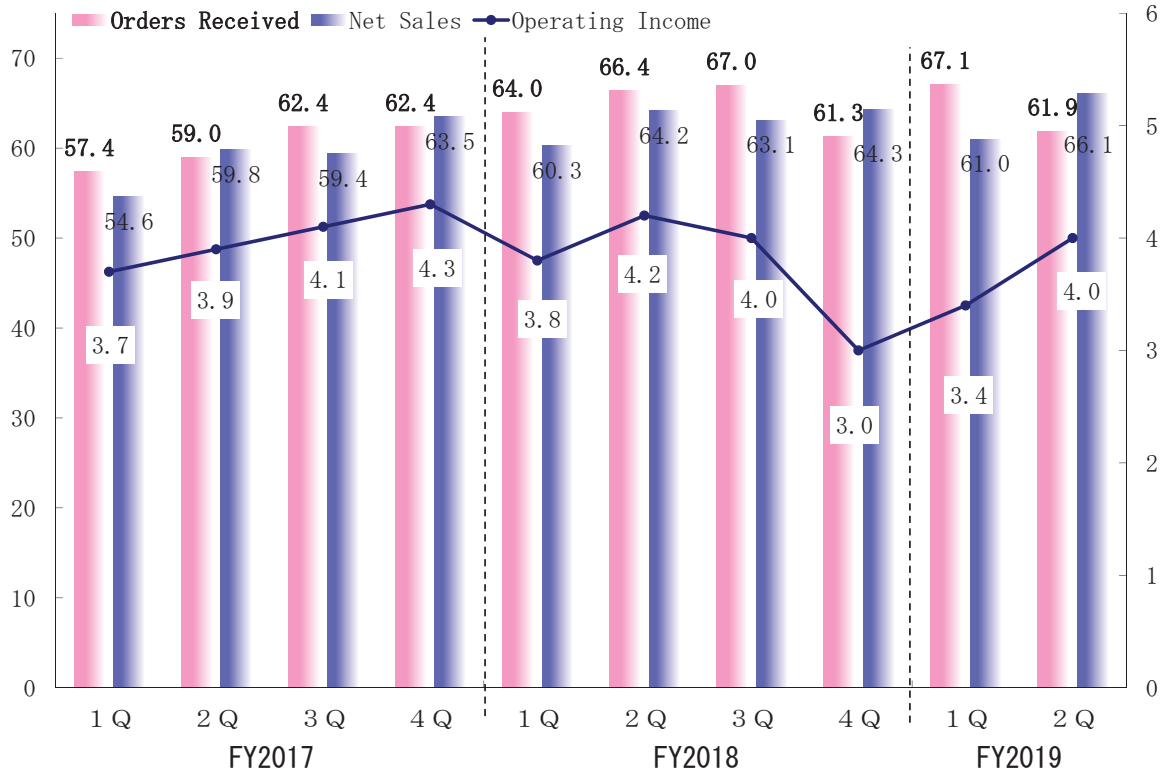
3

# Transition of Business Performance

## Overview

Orders Received /Net Sales(Billion yen)

Operating Income(Billion yen)

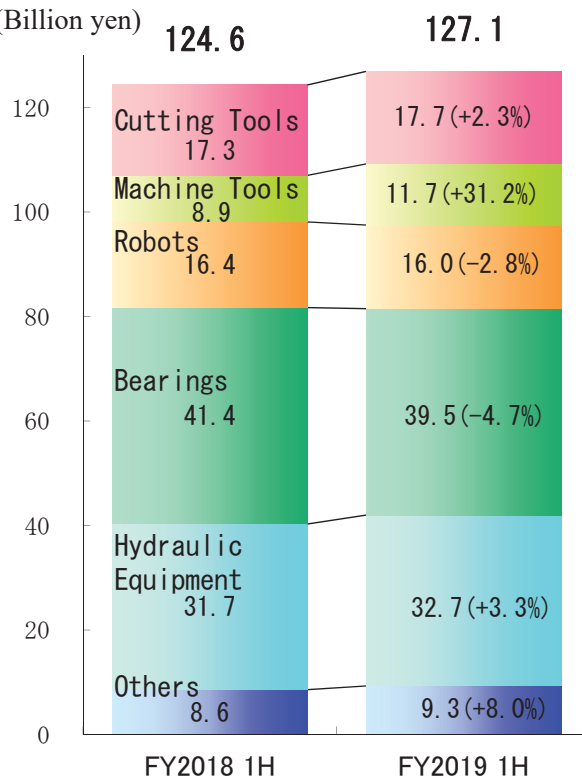


4

# Sales by Business Segment

## Overview

(Billion yen)



	FY2018 1H A	FY2019 1H B	Increase/ Decrease B/A
Cutting Tools	17.3	17.7	+2.3%
Machine Tools	8.9	11.7	+31.2%
Robots	16.4	16.0	-2.8%
Bearings	41.4	39.5	-4.7%
Hydraulic Equipment	31.7	32.7	+3.3%
Others	8.6	9.3	+8.0%
<b>Total</b>	<b>124.6</b>	<b>127.1</b>	<b>+2.0%</b>

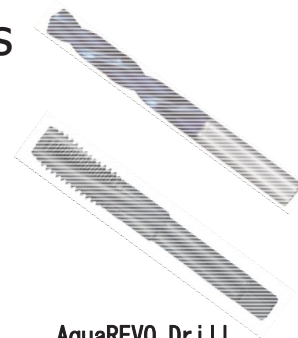
5

## Strategy for the 2nd half of FY2019 ①

### Overview

### ○ Launching and Expanding new products

- Expanding lineup of carbide drills and taps
  - Launching new series of the AquaREVO Drill, which is made from new carbide materials developed in-house.
  - Expanding line up of Hyper Z series of innovative taps.
- Responding to the shift to EVs and autonomous cars



AquaREVO Drill  
Hyper Z tap

Expanding sales of electric actuators and thin-walled bearings for which demand is increasing.

Proposing skiving machining centers to capture demand for EV components and processing of small-sized reduction gear.



Electric actuators



Thin-walled bearings for electric units



Skiving gear shaping system



6

## Strategy for the 2nd half of FY2019 ②

### Overview

### ○ Robotic Business

- Expanding the series of compact robots
  - Launching innovative compact robots sequentially onto the industrial machinery market.
- Expanding and relocating the Robot R&D Center in Tokyo
  - Strengthening capabilities in software and application development.



MZ01

MZ04

MZ12

CZ10

Collaborative Robot



Robot R&D Center in Tokyo

- Establishing new factory for compact robots
  - Promoting automation of production lines to drastically improve productivity.



Robot factory 3

7

# Strategy for the 2nd half of FY2019 ③

## Overview

### Hydraulic equipment for small construction machinery

- Increasing production capacity
  - Expanding an existing building.
  - Accelerating our efforts to capture strong demand.



Hydraulic Motor factory

### Electric actuators and vane pumps

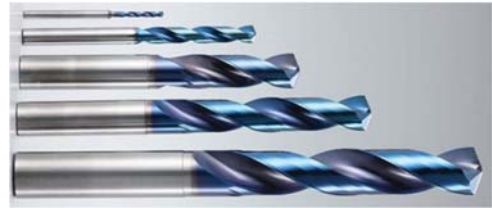
- Establishment of a 4th automotive hydraulics factory.
  - Starting mass production of new products on a full scale.



Automotive Hydraulics Factory 4

### Carbide round tools

- Expanding production lines.
- Establishing an automated lines.
  - Improving productivity of carbide drills, for which the demand is expanding.

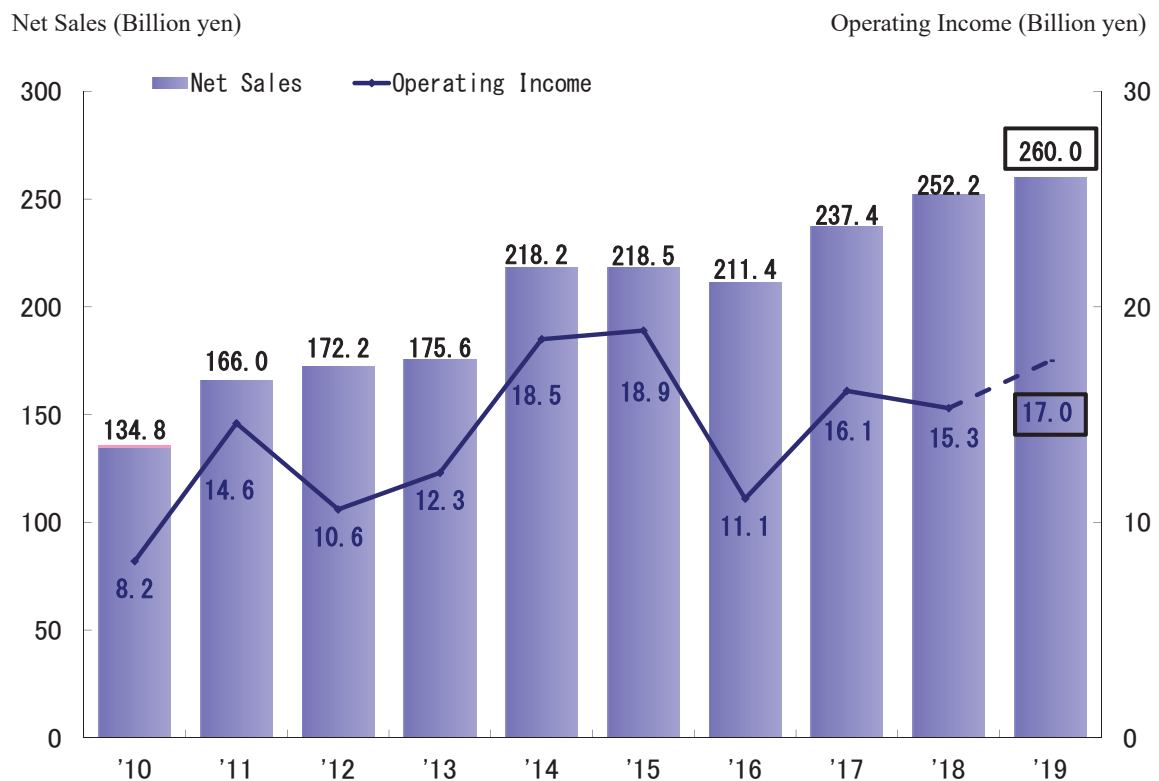


AquaREVO Drills

Utilizing IoT technology to build rationalized and automated production line

# Trend of Business Results

## Overview



# Overview of the Business Results For the First Half of FY2019

10

## Consolidated Financial Highlights **FY2019 1H**

(Billion yen)

	FY2018 1H (A)	FY2019 1H (B)	Increase/Decrease (B)-(A)
Net Sales	124.6	127.1	(+2.0%) +2.5
Operating Income	(6.5%) 8.1	(5.9%) 7.4	(-7.8%) -0.6
Ordinary Income	(5.7%) 7.0	(5.2%) 6.6	(-6.6%) -0.4
Net Income	4.4	4.2	(-6.3%) -0.2
Exchange rate			
(USD)	109 yen	110 yen	1 yen depreciation
(Euro)	132 yen	125 yen	7 yen appreciation
(RMB)	17.1 yen	16.3 yen	0.8 yen appreciation

11

# Consolidated Financial Data

**FY2019 1H**

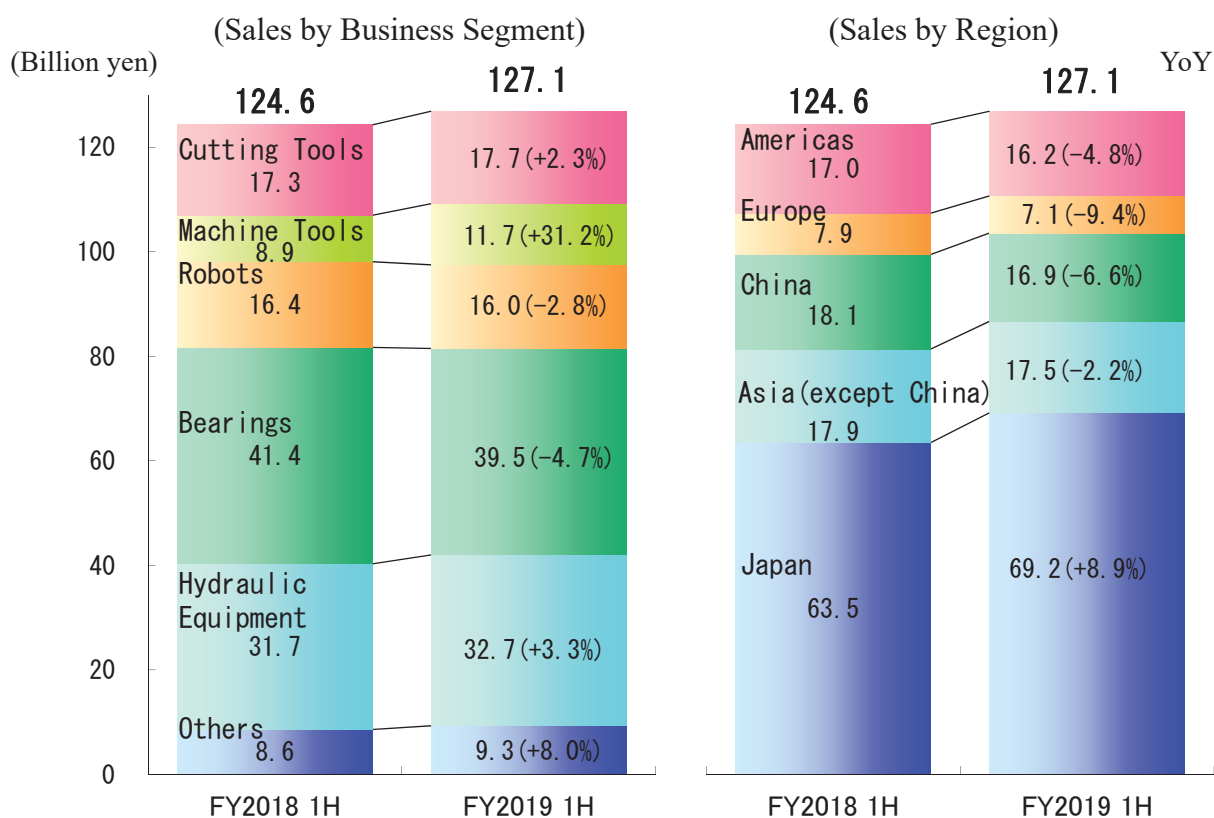
(Billion yen)

	FY2018 1H (A)	FY2019 1H (B)	Increase/ Decrease (B)-(A)
ROE	8.3%	<b>7.4%</b>	-0.9pt
Total Assets	295.3	<b>292.4</b>	-2.9
Stockholder's Equity (Stockholder's Equity Ratio)	(38.0%) 112.3	<b>(38.6%) 112.7</b>	+0.3
Interest-bearing Debt (Net D/E Ratio)	(×0.5) 88.2	<b>(×0.5) 87.2</b>	-1.0
Capacity Investment	7.4	<b>10.0</b>	+2.5
Depreciation and Amortization	7.7	<b>8.1</b>	+0.3
Number of Employees (people)	7,433	<b>7,514</b>	+81

12

# Sales by Business Segment and Region

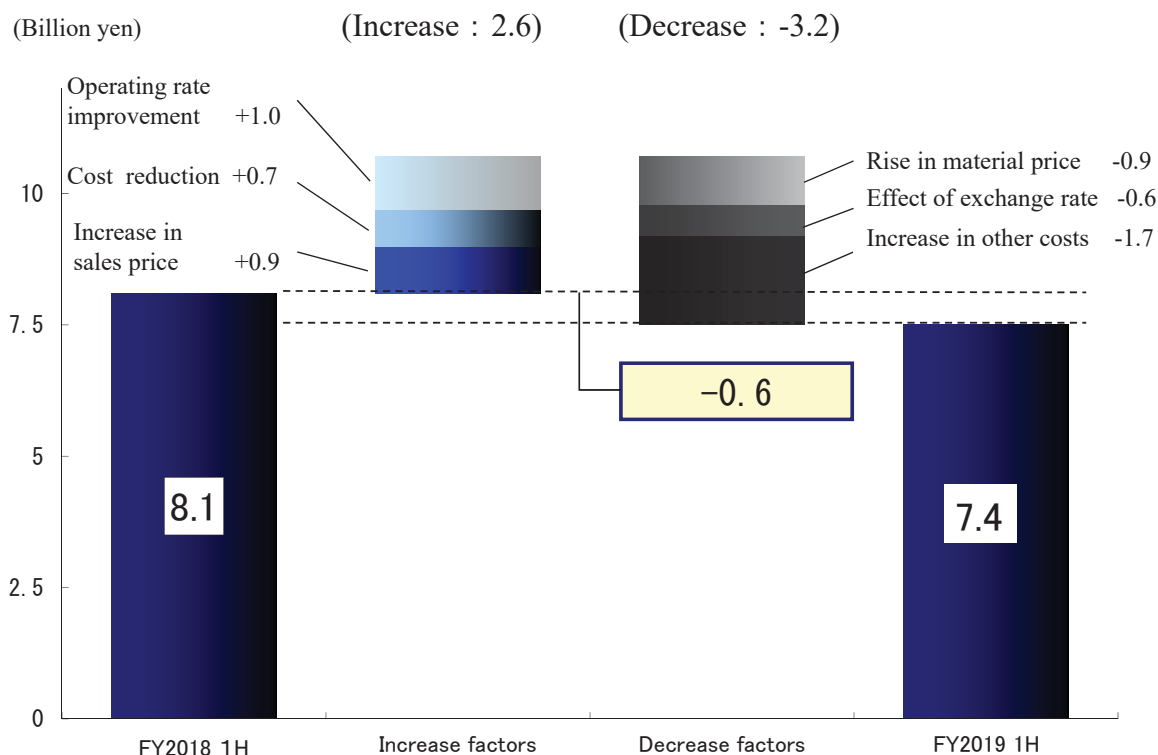
**FY2019 1H**



13

# Causes of Changes in Operating Income

FY2019 1H



14

# Sales and Operating Income by Business Segment

FY2019 1H

(Billion yen)

		FY2018 1H (A)	FY2019 1H (B)	Increase/ Decrease (B)-(A)	
Machinery & Tools	Cutting Tools	17.3	17.7	(+2.3%)	+0.3
	Machine Tools	8.9	11.7	(+31.2%)	+2.7
	Robots	16.4	16.0	(-2.8%)	-0.4
	Net Sales	42.7	45.4	(+6.4%)	+2.7
	Operating Income	(6.7%) 2.8	(7.7%) 3.4	(+20.7%)	+0.5
Components	Bearings	41.4	39.5	(-4.7%)	-1.9
	Hydraulic Equipment	31.7	32.7	(+3.3%)	+1.0
	Net Sales	73.1	72.3	(-1.2%)	-0.8
	Operating Income	(6.0%) 4.3	(4.1%) 2.9	(-31.7%)	-1.3
Others	Net Sales	8.6	9.3	(+8.0%)	+0.6
	Operating Income	(9.4%) 0.8	(10.8%) 1.0	(+23.6%)	+0.1
Total Net Sales		124.6	127.1	(+2.0%)	+2.5
Total Operating Income		(6.5%) 8.1	(5.9%) 7.4	(-7.8%)	-0.6

15



# Overview of the Business Forecast for FY2019

16

## Consolidated Financial Highlights (FY2019 Plan) **FY2019 e**

(Billion yen)

	FY2018 (A)	FY2019 Plan (B)	Increase/ Decrease (B) – (A)
Net Sales	252.2	260.0	(+3.1%) +7.7
Operating Income	(6.1%) 15.3	(6.5%) 17.0	(+11.1%) +1.6
Ordinary Income	(5.5%) 13.9	(6.0%) 15.5	(+11.5%) +1.5
Net Income	8.9	10.5	(+17.4%) +1.5
Exchange rate (USD) (EUR) (RMB)	110 yen 130 yen 16.7 yen	109 yen 123 yen 15.9 yen	1 yen appreciation 7 yen appreciation 0.8 yen appreciation

17

# Consolidated Financial Data

**FY2019 e**

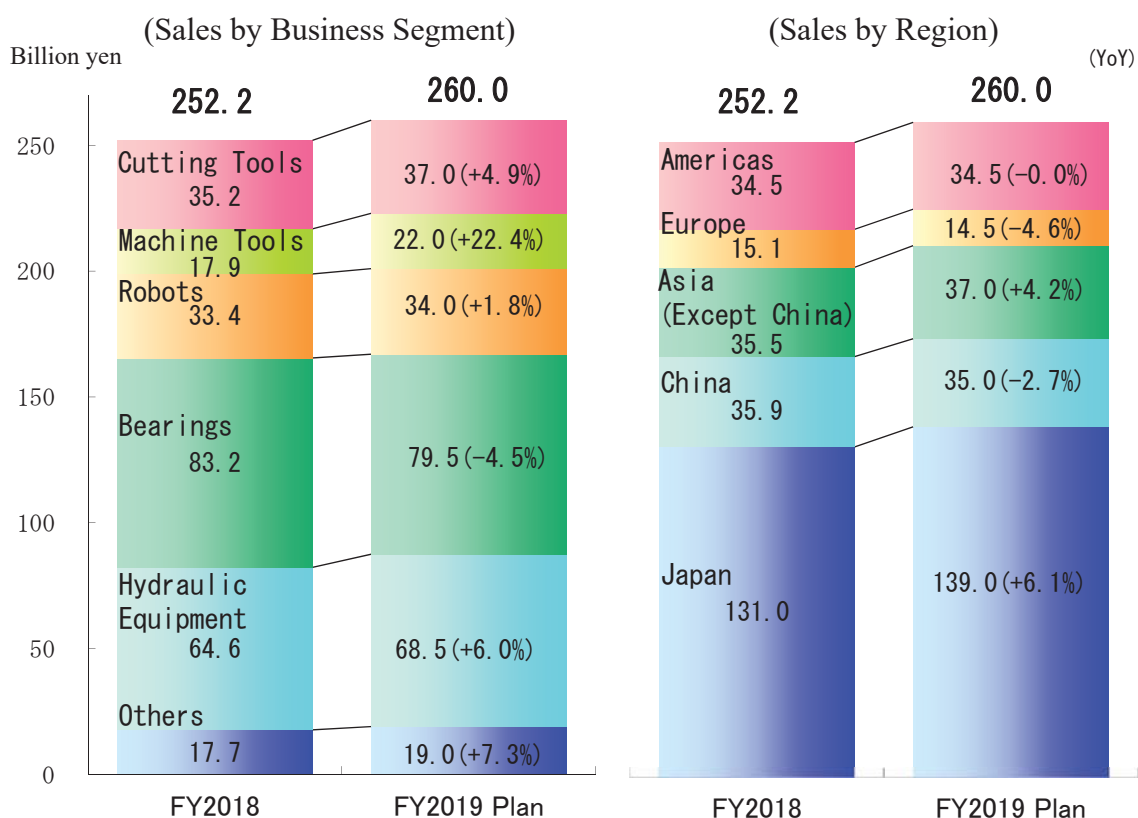
(Billion yen)

	FY2018 (A)	FY2019 Plan (B)	Increase/ Decrease (B) – (A)
ROE	7.9%	<b>9.0%</b>	+1.1pt
Total Assets	295.5	<b>296.0</b>	+0.4
Stockholder's Equity (Stockholder's Equity Ratio)	(38.8%) 114.5	<b>(39.9%) 118.0</b>	+3.4
Interest-bearing Debt (Net D/E Ratio)	(×0.5) 83.5	<b>(×0.5) 85.5</b>	+1.9
Capacity Investment	15.9	<b>20.0</b>	+4.0
Depreciation and Amortization	15.9	<b>16.8</b>	+0.9
Number of Employees (people)	7,484	<b>7,500</b>	+16

18

# Sales by Business Segment and Region

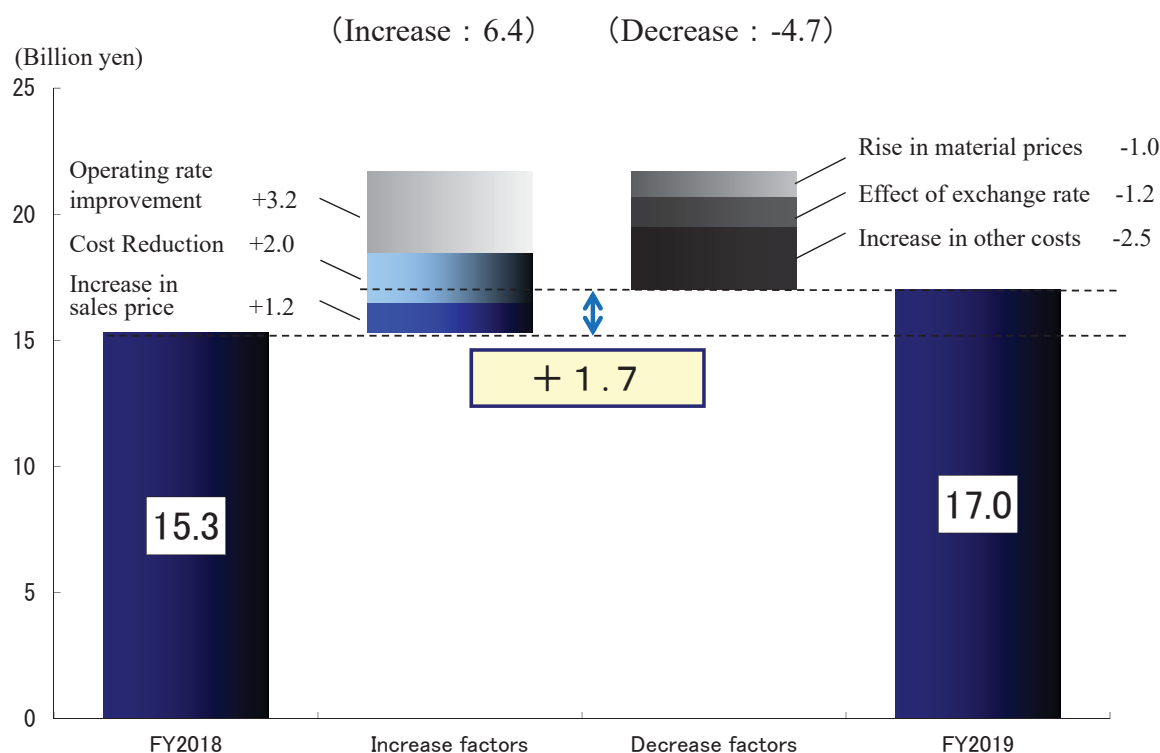
**FY2019 e**



19

# Causes of Changes in Operating Income

FY2019 e



20

# Sales and Operating Income by Business Segment

FY2019 e

(Billion yen)

		FY2018 (A)	FY2019 Plan (B)	Increase/ Decrease (B) - (A)
Machinery & Tools	Cutting Tools	35.2	37.0	(+4.9%) +1.7
	Machine Tools	17.9	22.0	(+22.4%) +4.0
	Robots	33.4	34.0	(+1.8%) +0.5
	Net Sales	86.6	93.0	(+7.3%) +6.3
	Operating Income	(6.7%) 5.7	(8.3%) 7.7	(+33.2%) +1.9
Components	Bearings	83.2	79.5	(-4.5%) -3.7
	Hydraulic Equipment	64.6	68.5	(+6.0%) +3.8
	Net Sales	147.8	148.0	(+0.1%) +0.1
	Operating Income	(5.5%) 8.1	(5.0%) 7.4	(-9.2%) -0.7
Others	Net Sales	17.7	19.0	(+7.3%) +1.2
	Operating Income	(7.6%) 1.3	(10.0%) 1.9	(+40.8%) +0.5
Total Net Sales		252.2	260.0	(+3.1%) +7.7
Total Operating Income		(6.1%) 15.3	(6.5%) 17.0	(+11.1%) +1.6

21

# NACHI

<http://www.nachi-fujikoshi.co.jp/>

These materials describe our future earnings forecasts and business plans, and are based on the assumption of an economic environment and business policies that remain fixed as they are now. Therefore, please note that actual earnings are subject to numerous factors, including market fluctuations and currency fluctuations, which may result in a different earnings forecast.