

Business Results

for the First Half of FY2020

July 15, 2020



NACHI-FUJIKOSHI CORP.

Outline

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For the First Half of FY2020 | 2 ~ 7 |
| 2. Overview of the Business Forecast
for FY2020 | 8 ~ 16 |

Overview of the Business Results

For the First Half of FY2020

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Results for the First Half of FY2020

1H Actual

(Billion JPY)

	FY2019 1H (A)	FY2020 1H(B)	Increase/ Decrease (B) – (A)
Net Sales	127.1	103.7	(-18.4%) -23.3
Operating Income	(5.9%) 7.4	(2.5%) 2.6	(-64.8%) -4.8
Ordinary Income	(5.2%) 6.6	(1.5%) 1.6	(-75.7%) -4.9
Net Income	4.2	0.4	(-89.4%) -3.7
Exchange rate (USD) (Euro) (RMB)	JPY 110 JPY 125 JPY 16.3	JPY 108 JPY 119 JPY 15.4	2 JPY appreciation 6 JPY appreciation 0.9 JPY appreciation

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Consolidated Financial Data

1H Actual

(Billion JPY)

	FY2019 1H (A)	FY2020 1H (B)	Increase/ Decrease (B) – (A)
ROE	7.4%	0.8%	–6.6pt
Total Assets	292.4	304.4	+12.0
Stockholder's Equity (Stockholder's Equity Ratio)	(38.6%) 112.7	(36.7%) 111.6	–1.0
Interest-bearing Debt (Net D/E Ratio)	(0.5) 87.2	(0.6) 110.6	+23.4
Capacity Investment	10.0	7.1	–2.9
Depreciation and Amortization	8.1	8.4	+0.3
Number of Employees (persons)	7,514	7,301	–213

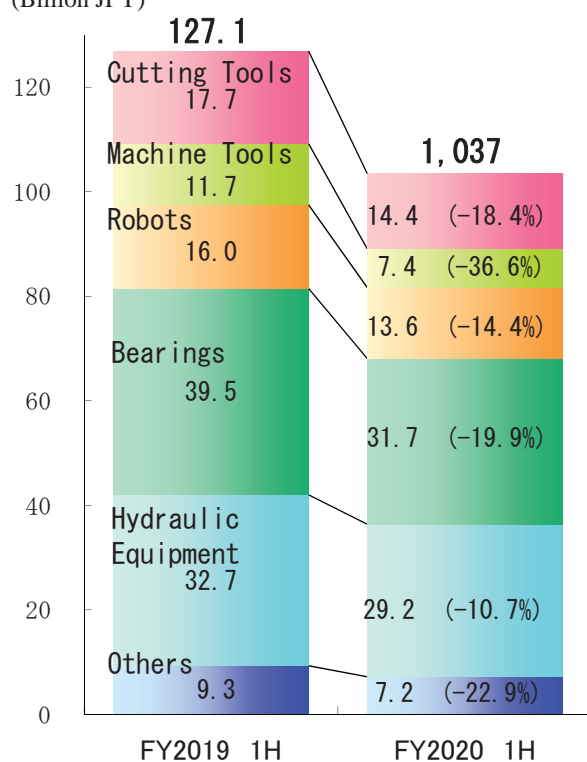
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Sales by Business Segment and Region

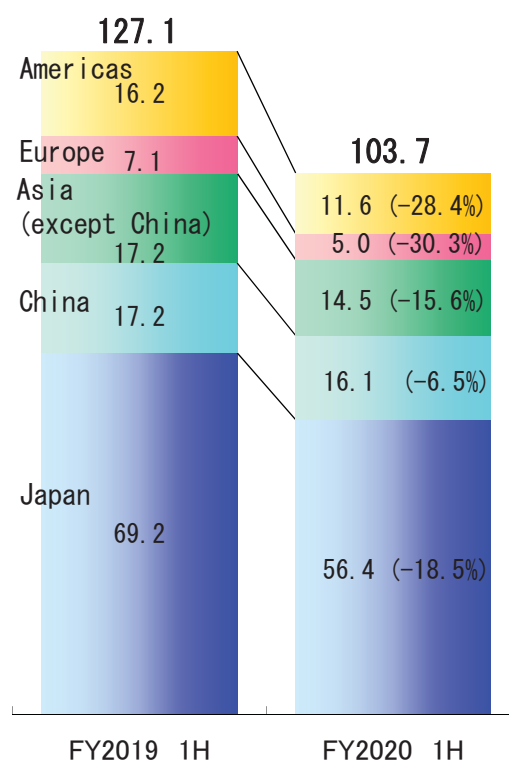
1H Actual

(Sales by Business Segment)

(Billion JPY)

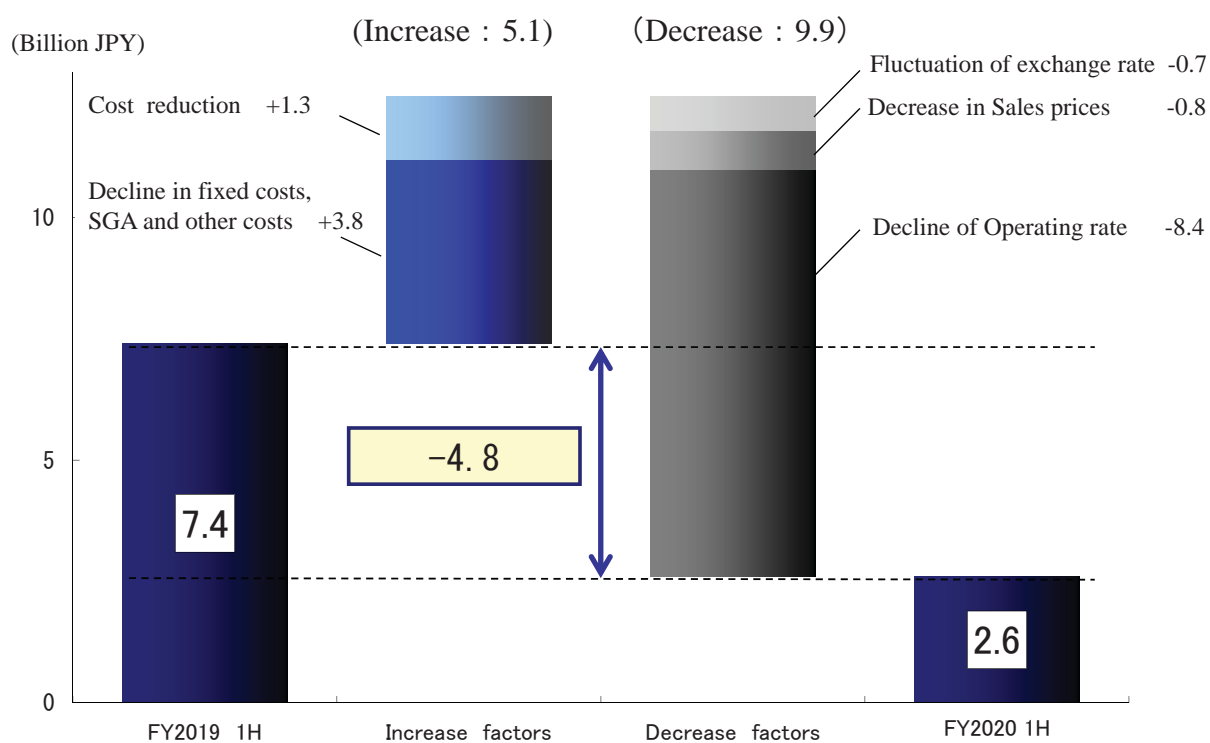


(Sales by Region)



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Causes of Changes in Operating Income 1H Actual



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Sales and Operating Income by Business Segment 1H Actual

(Billion JPY)

		FY2019 1H (A)	FY2020 1H (B)	Increase/ Decrease (B) - (A)
Machinery & Tools	Cutting Tools	17.7	14.4	(-18.4%) -3.2
	Machine Tools	11.7	7.4	(-36.6%) -4.3
	Robots	16.0	13.6	(-14.4%) -2.3
	Net Sales	45.4	35.6	(-21.7%) -9.8
	Operating Income	(7.7%) 3.4	(3.3%) 1.1	(-66.6%) -2.3
Components	Bearings	39.5	31.7	(-19.9%) -7.8
	Hydraulic Equipment	32.7	29.2	(-10.7%) -3.4
	Net Sales	72.3	60.9	(-15.7%) -11.3
	Operating Income	(4.1%) 2.9	(1.7%) 1.0	(-65.9%) -1.9
Others	Net Sales	9.3	7.2	(-22.9%) -2.1
	Operating Income	(10.8%) 1.0	(5.7%) 0.4	(-59.3%) -0.6
Operating Income		127.1	103.7	(-18.4%) -23.3
Total Operating Income		(5.9%) 7.4	(2.5%) 2.6	(-64.8%) -4.8

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Overview of the Business Forecast for FY2020

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Consolidated Financial Highlights (FY2020 Plan) **FY2020e**

(Billion JPY)

	FY2019 (A)	FY2020 Plan (B)	Increase/ Decrease (B) – (A)
Net Sales	249.0	190.0	(–23.7%) –59.0
Operating Income	(5.4%) 13.3	(1.8%) 3.5	(–73.8%) –9.8
Ordinary Income	(4.9%) 12.2	(1.2%) 2.2	(–82.0%) –10.0
Net Income	8.2	0.8	(–90.3%) –7.4
Exchange rate (USD) (Euro) (RMB)	JPY 109 JPY 122 JPY 15.8	JPY 107 JPY 120 JPY 15.4	2 JPY appreciation 2 JPY appreciation 0.4 JPY appreciation
Cash Dividends	100円	Undecided	-

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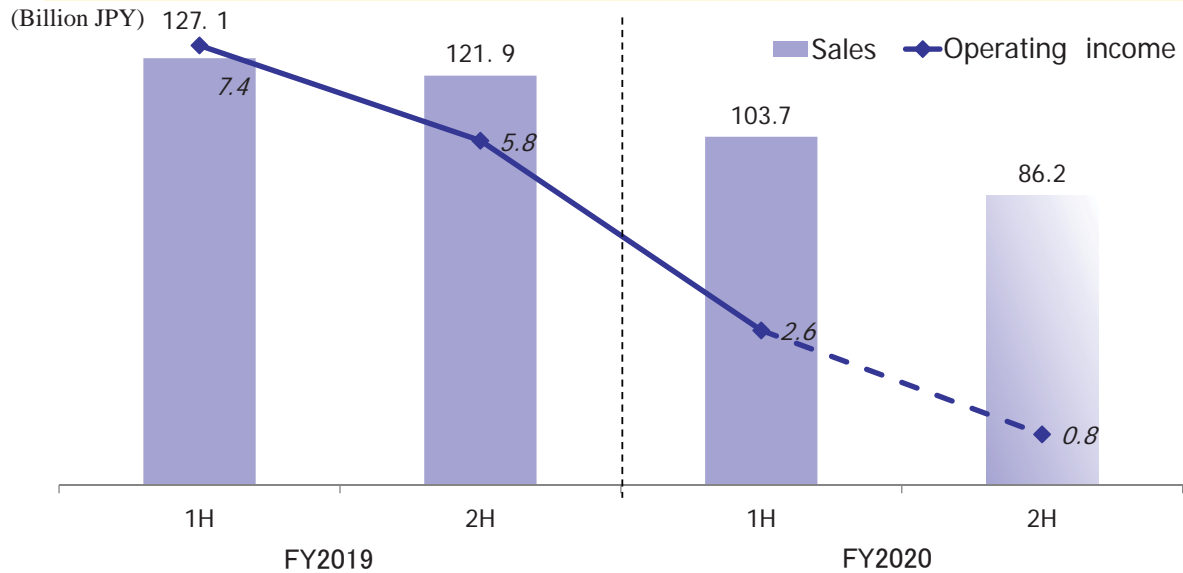
Trend of business results every half year FY2020e

(Topics)

FY2019 2H : US-China trade conflict reduced demand

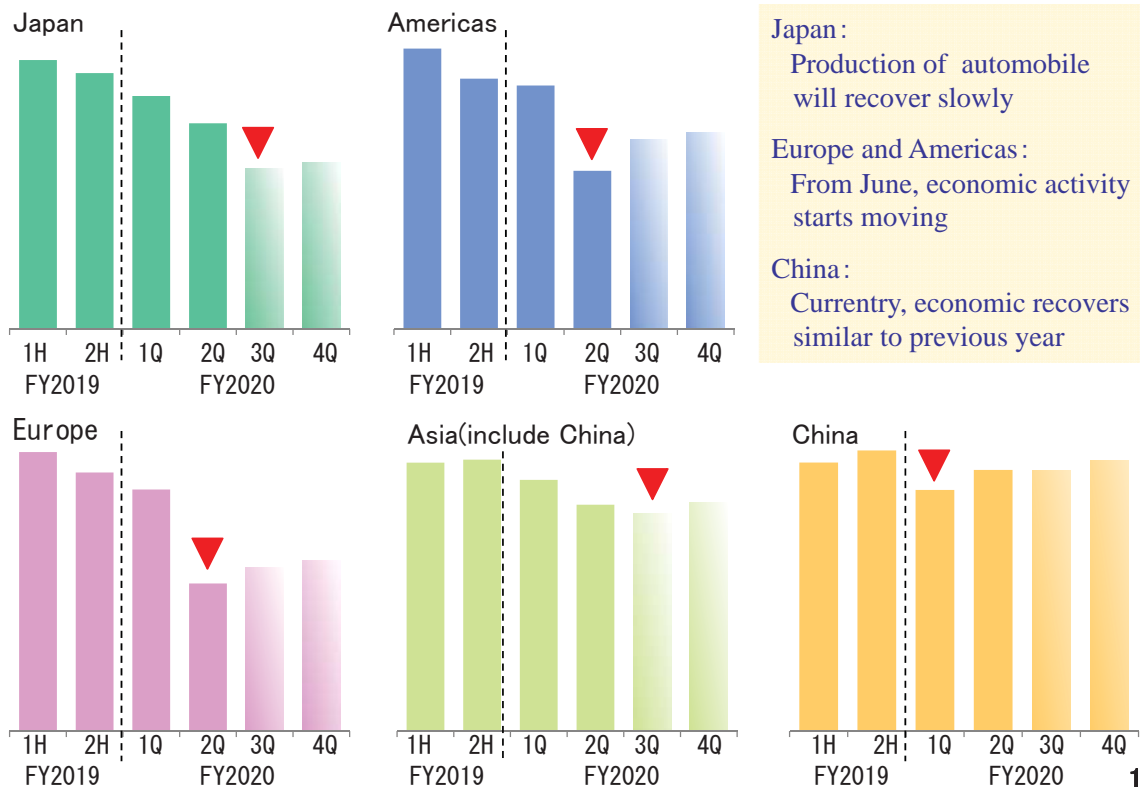
FY2020 1H : From April, the effects of new coronavirus expanded

FY2020 2H : In the third quarter, it will be the bottom, from the fourth quarter it will recover slowly



Trend of the demand(Sales basis)① FY2020e

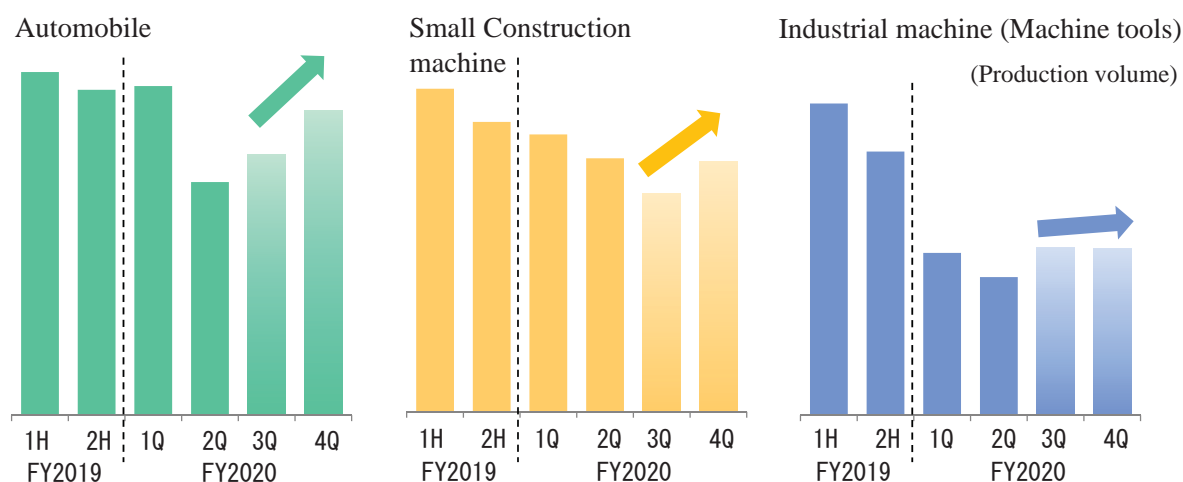
(Trend by Region)



Trend of the demand(Sales basis)②

FY2020e

(Trend by type of industries : Trend of production by main customer)



(Trend of main industries)

- Automobile** : Production is restarting, toward the year-end it will recover
- Construction machine** : From June, it will recover mainly in China
- Industrial machine** : Electric and electronic is steady, but Machine tools and others are in a low level

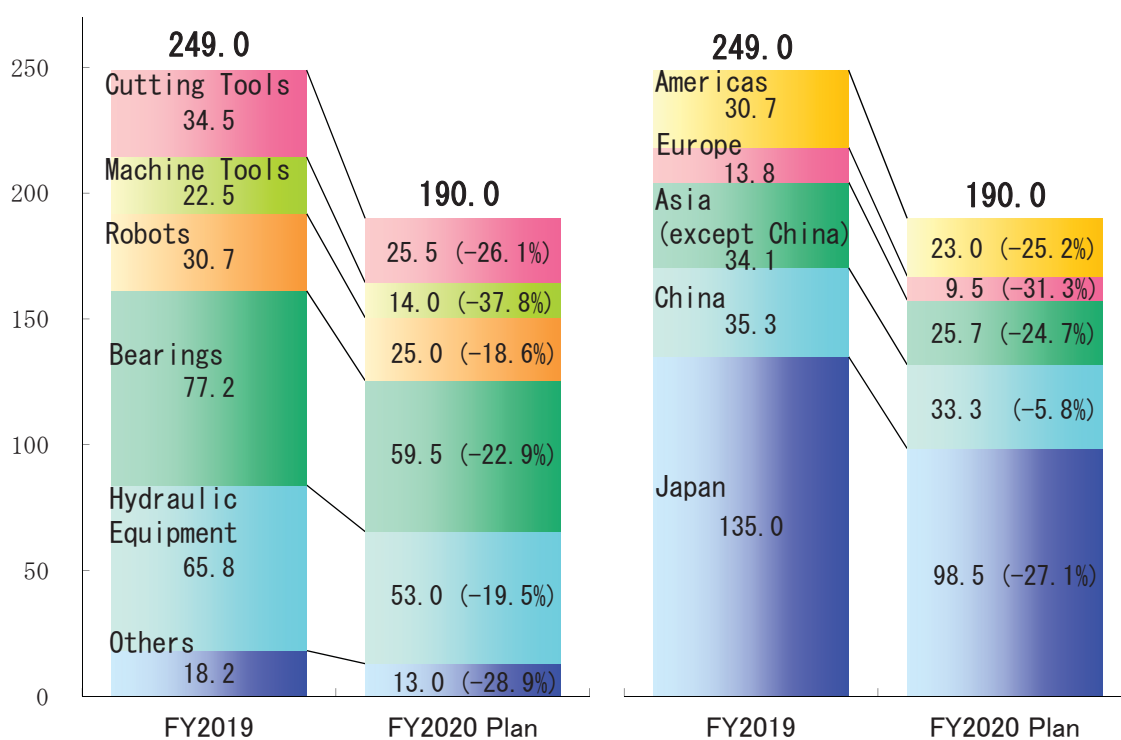
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Sales by Business Segment and Region

FY2020e

(Sales by Business Segment)
(Billion JPY)

(Sales by Region)



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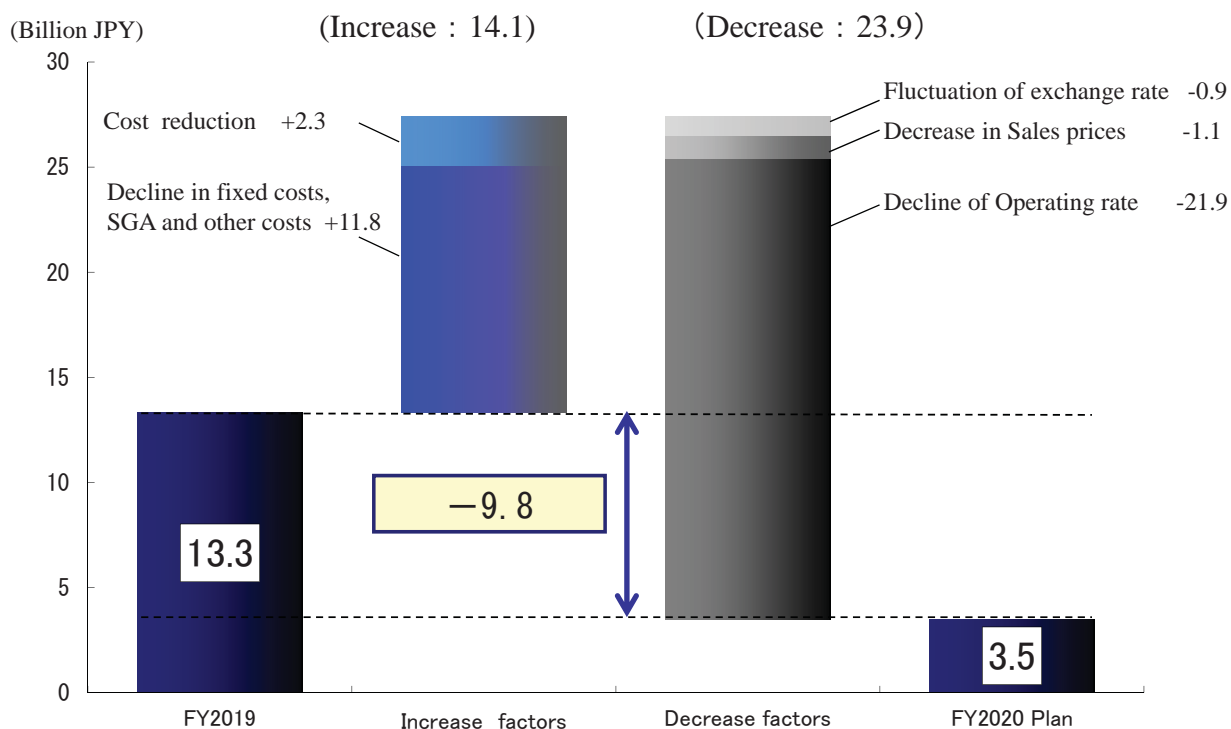
Sales and Operating Income by Business Segment FY2020e

(Billion JPY)

		FY2019 (A)	FY2020 Plan (B)	Increase/ Decrease (B) – (A)
Machinery & Tools	Cutting Tools	34.5	25.5	(-26.1%) -9.0
	Machine Tools	22.5	14.0	(-37.8%) -8.5
	Robots	30.7	25.0	(-18.6%) -5.7
	Net Sales	87.7	64.5	(-26.5%) -23.2
	Operating Income	(7.0%) 6.1	(2.8%) 1.8	(-70.5%) -4.3
Components	Bearings	77.2	59.5	(-22.9%) -17.7
	Hydraulic Equipment	65.8	53.0	(-19.5%) -12.8
	Net Sales	143.0	112.5	(-21.4%) -30.5
	Operating Income	(3.8%) 5.4	(1.1%) 1.2	(-78.0%) -4.2
Others	Net Sales	18.2	13.0	(-28.9%) -5.2
	Operating Income	(9.5%) 1.7	(3.8%) 0.5	(-71.3%) -1.2
Total Net Sales		249.0	190.0	(-23.7%) -59.0
Total Operating Income		(5.4%) 13.3	(1.8%) 3.5	(-73.8%) -9.8

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Causes of Changes in Operating Income FY2020e



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(Billion JPY)

	FY2019 (A)	FY2020 Plan (B)	Increase/ Decrease (B) – (A)
ROE	7.1%	0.7%	–6.4pt
Total Assets	300.7	286.7	–14.0
Stockholder's Equity (Stockholder's Equity Ratio)	(39.3%) 118.2	(39.1%) 112.0	–6.2
Interest-bearing Debt (Net D/E Ratio)	(0.5) 86.3	(0.5) 102.6	+16.2
Capacity Investment	21.4	16.5	–4.9
Depreciation and Amortization	16.7	17.5	+0.7
Number of Employees (persons)	7,456	7,250	–206

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<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 various factors, including market fluctuations and currency fluctuations, which may result in a different earnings forecast.