

Financial Results for the Fiscal Year Ended November 30, 2014

January 21, 2015

NACHI 株式会社 不二越

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Consolidated Financial Highlights of FY2014

Overview

(Billions of yen)

	FY2013	FY2014	
		Results*	Results in real terms*
(y-o-y growth rate)		(+24.2%)	(+18.1%)
Net Sales	175.6	218.2	207.4
(y-o-y growth rate)		(+50.5%)	(+46.4%)
Operating Income	(7.0%) 12.3	(8.5%) 18.5	(8.7%) 18.0
Ordinary Income	(6.7%) 11.6	(8.4%) 18.4	(8.6%) 17.8
Net Income	6.7	9.9	9.5
Dividends per share	6yen	8yen	

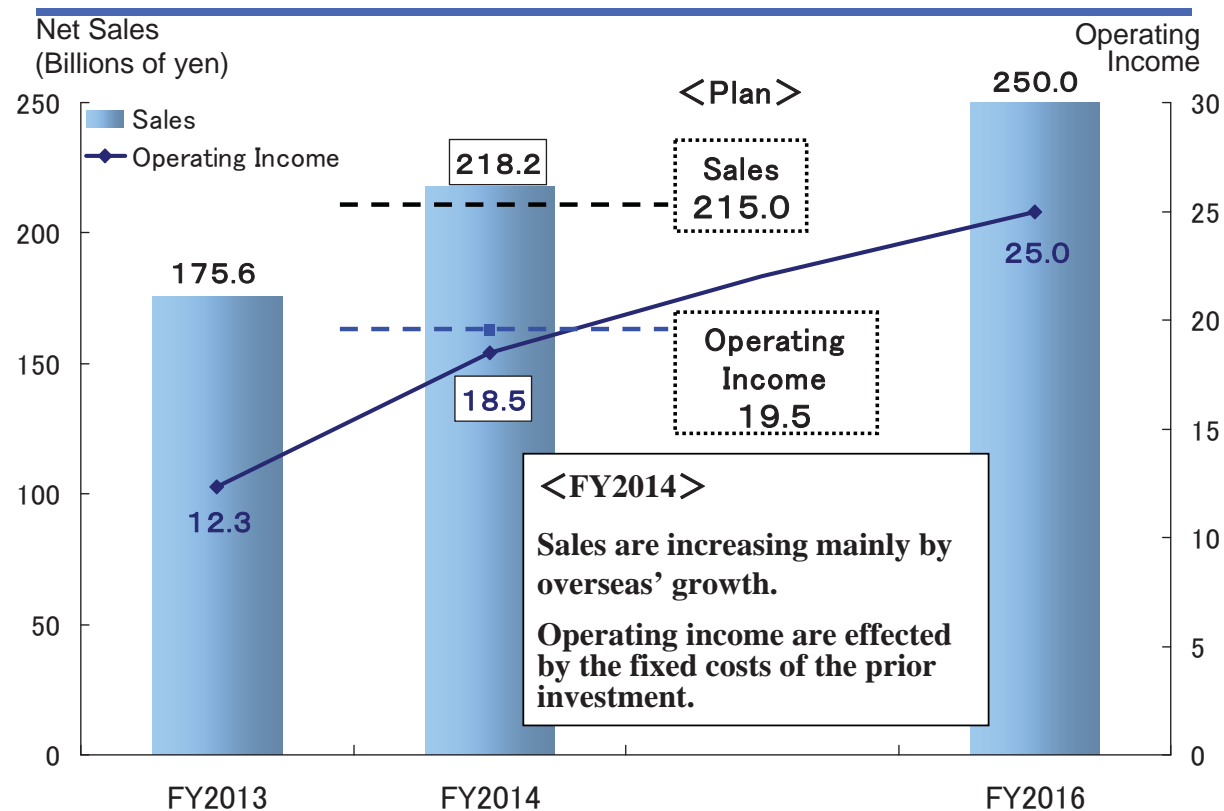
*Results are including the effect of FY period change of overseas consolidated subsidiaries.

*Results in real terms do not include these.

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Trend of business results and forecasts

Overview



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Consolidated Financial Highlights of FY2015 Plan

Overview

(Billions of yen)

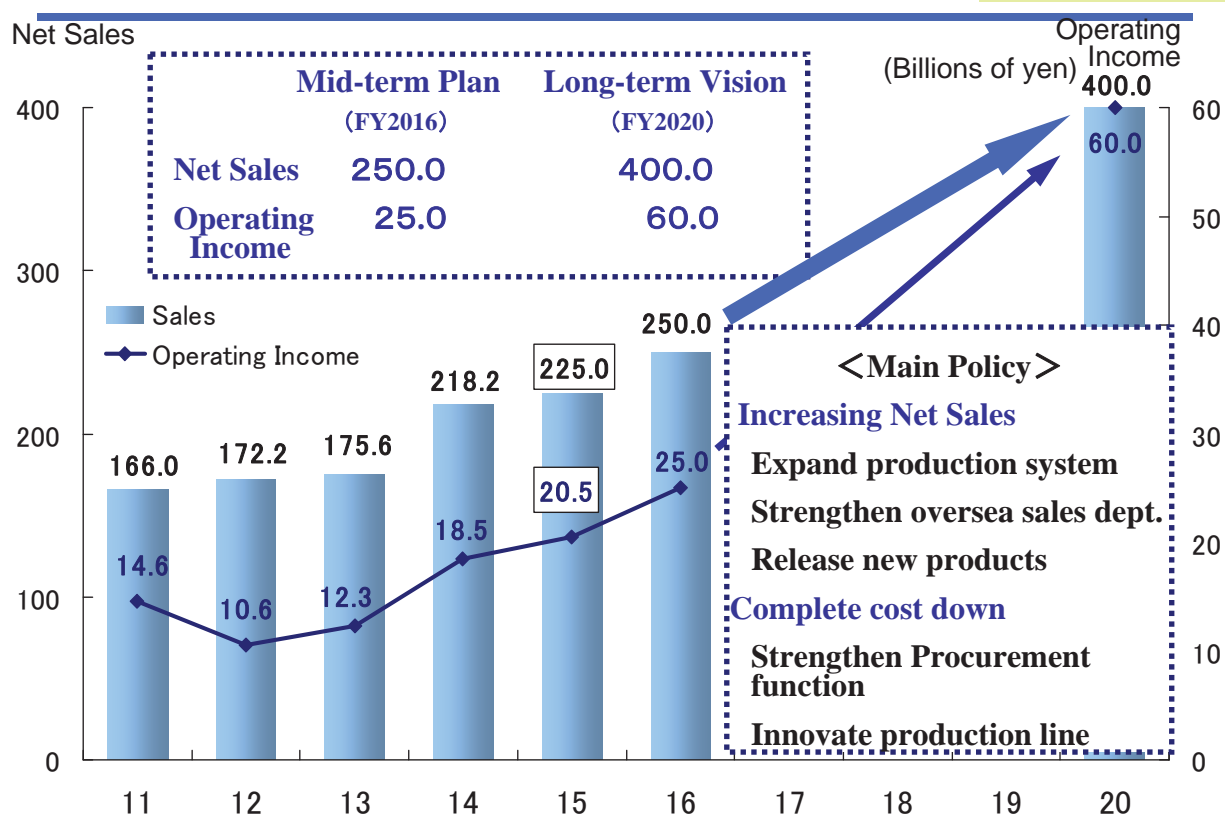
	FY2014		FY2015
	Results*	Results in real terms*	Forecasts
(vs. FY2014 in real terms)			(+8.4%)
Net Sales	218.2	207.4	225.0
(vs. FY2014 in real terms)			(+13.5%)
Operating Income	(8.5%) 18.5	(8.7%) 18.0	(9.1%) 20.5
Ordinary Income	(8.4%) 18.4	(8.6%) 17.8	(8.7%) 19.5
Net Income	9.9	9.5	12.0
Dividends per share	8yen		10yen

*Results are including the effect of FY period change of overseas consolidated subsidiaries.
 *Results in real terms do not include these.

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Mid-term Business Plan and Long-term Vision

Overview



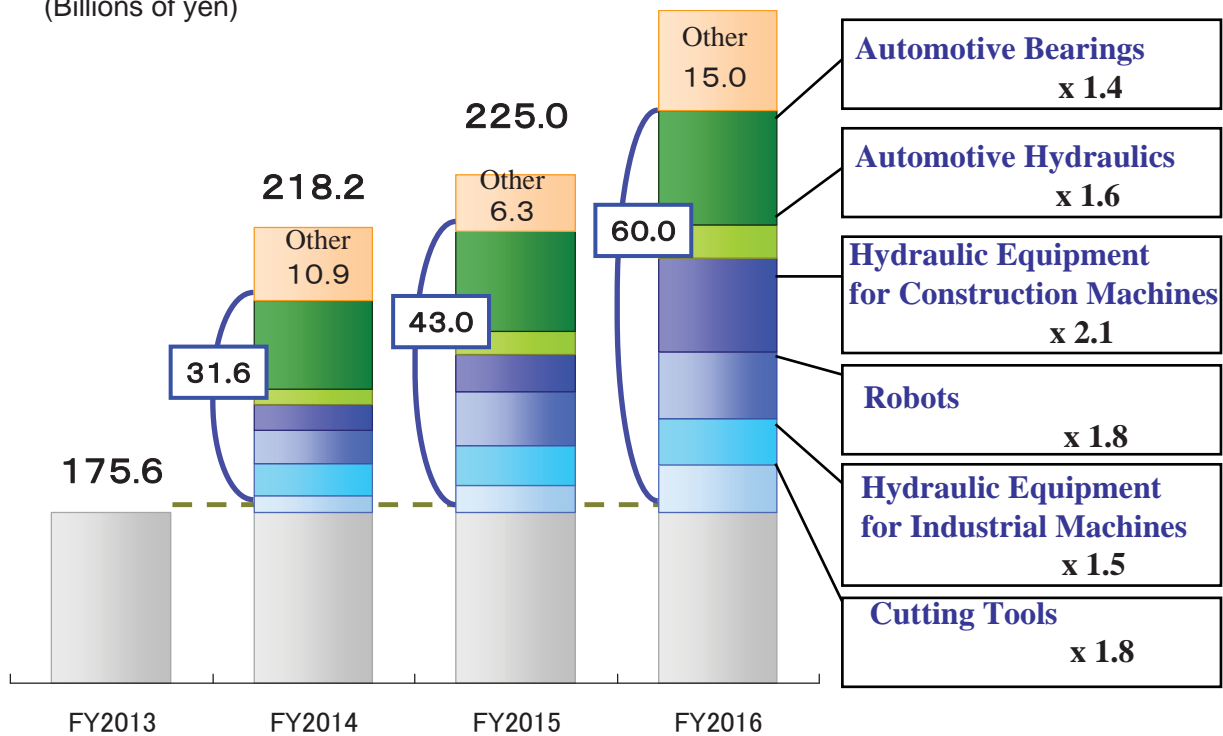
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Breakdown of FY2016 Sales Growth

Overview

Net Sales
(Billions of yen)

Important 6 Products
250.0 Growth rate FY2013 to FY2016



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Expand the production system

Overview

○ China

NACHI (JIANGSU) INDUSTRIES
Robots, Hydraulic equipments, and
Car control valves

SHANGHAI NACHI BEARINGS CO., LTD.
DONGGUAN NACHI C.Y. CORPORATION
Auto mobile Bearings



○ America

NACHI TOOL AMERICA INC.
Cutting Tools, reinforce in FY2015

NACHI TECHNOLOGY MEXICO, S.A. DE C.V.
Auto mobile Bearings, start up in FY2015



○ India, Thailand

NACHI KG Technology India
NACHI Technology Thailand
Auto mobile Bearings



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The world's fastest compact robot, "MZ series" New lineup "MZ04"

- Open up new markets in the world



Energy saving Compact Hydraulic Unit

- Acquire Increasing demand
in Emerging markets



Carbide drill

- Expand Sizes and
Add Series



Hydraulic Equipments for Construction Machine

- Expand lineup

○ Cost down; lowering manufacturing cost

I. Strengthen procurement function

(Oct. '14 ~ Renewed procurement organization)

- Review the material procurement and outsourcing
- Intensive outsourcing, review the production policy
- Construct partnership with new suppliers

II. Develop innovative non-human, automation lines

(Feb. '14 ~ Established Production technology headquarter)

- Improve per capita productivity
- Shorten the productive lead-time
- Realize the world same quality

Target of Mid-term Business Plan

Overview

(Billions of yen)

	FY2014 Result	FY2015 Forecasts	FY2016 Target
Net Sales	218.2	225.0	250.0
(profit ratio on net sales) Operating Income	(8.5%) 18.5	(9.1%) 20.5	(10.0%) 25.0
Ordinary Income	(8.4%) 18.4	(8.7%) 19.5	(9.6%) 24.0
Net Income	9.9	12.0	16.0

Capacity investment	20.6	20.0	(total of 3year) 50.0
Number of employees	6,296	6,400	6,500
Exchange rate US\$/€	103/139yen	110/135yen	110/135yen

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Overview of FY2014

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Consolidated Financial Highlights of FY2014

FY2014

(Billions of yen)

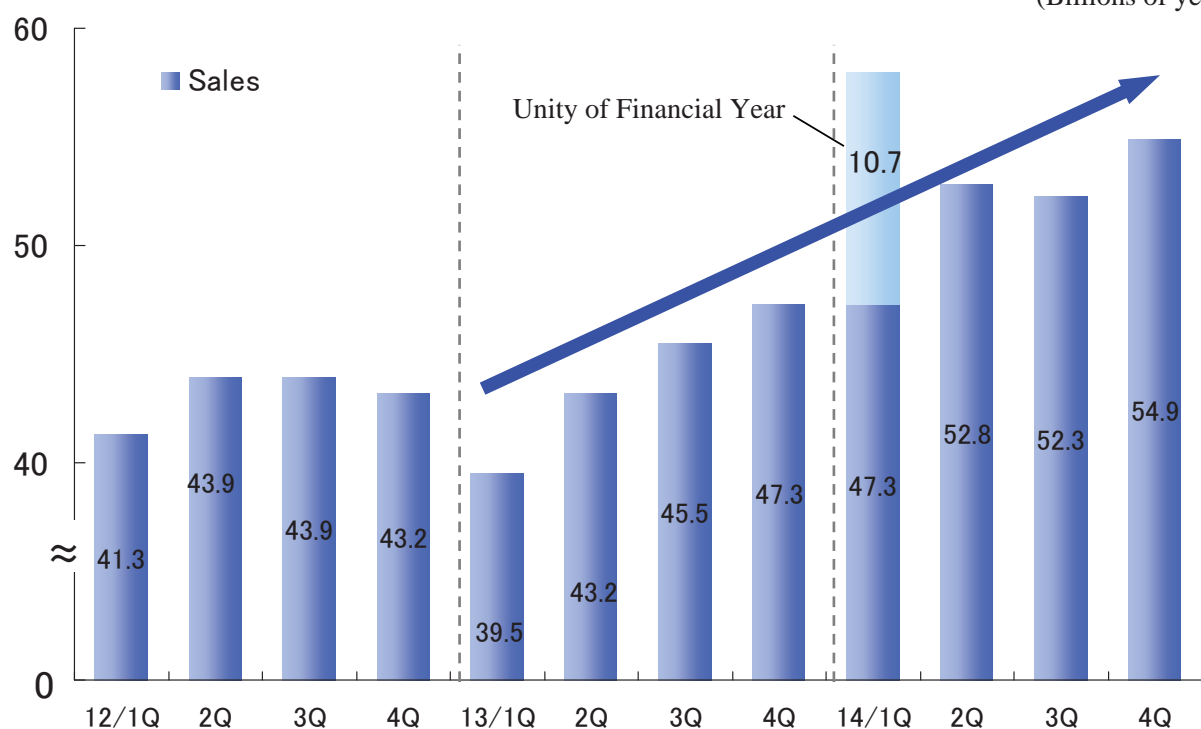
	FY2012 (A)	FY2013 (B)	Increase/Decrease (Proportion) (B) - (A)	
Net Sales	175.6	218.2	(+24.2%)	+42.5
(profit ratio on net sales) Operating Income	(7.0%) 12.3	(8.5%) 18.5	(+50.5%)	+6.2
Ordinary Income	(6.7%) 11.6	(8.4%) 18.4	(+57.5%)	+6.7
Extraordinary income	0.4	0.0		△0.3
Extraordinary loss	1.2	1.7		+0.5
Net Income	6.7	9.9	(+48.1%)	+3.2

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Quarterly Financial Results and Forecast

FY2014

(Billions of yen)



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Consolidated Financial Data

FY2014

(Billions of yen)

	FY2013 (A)		FY2014 (B)		Increase/Decrease (B) – (A)
ROE	9.6%		11.8%		+ 2.2 point
Total Assets	207.9		255.6		+ 47.7
Stockholder's equity (stockholder's equity ratio)	(37.1%)	77.1	(35.8%)	91.5	+ 14.4
Interest-bearing debt (Net D/E ratio)	(x0.5)	55.1	(x0.4)	64.1	+ 9.0
Capacity investment	12.6		20.6		+ 8.0
Depreciation and amortization	10.3		11.7		+ 1.4
Number of employees	6,072		6,296		+ 224
Exchange rate (US\$) (Euro€)	92yen 121yen		103yen 139yen		11 yen depreciation against USD 18 yen depreciation against Euro

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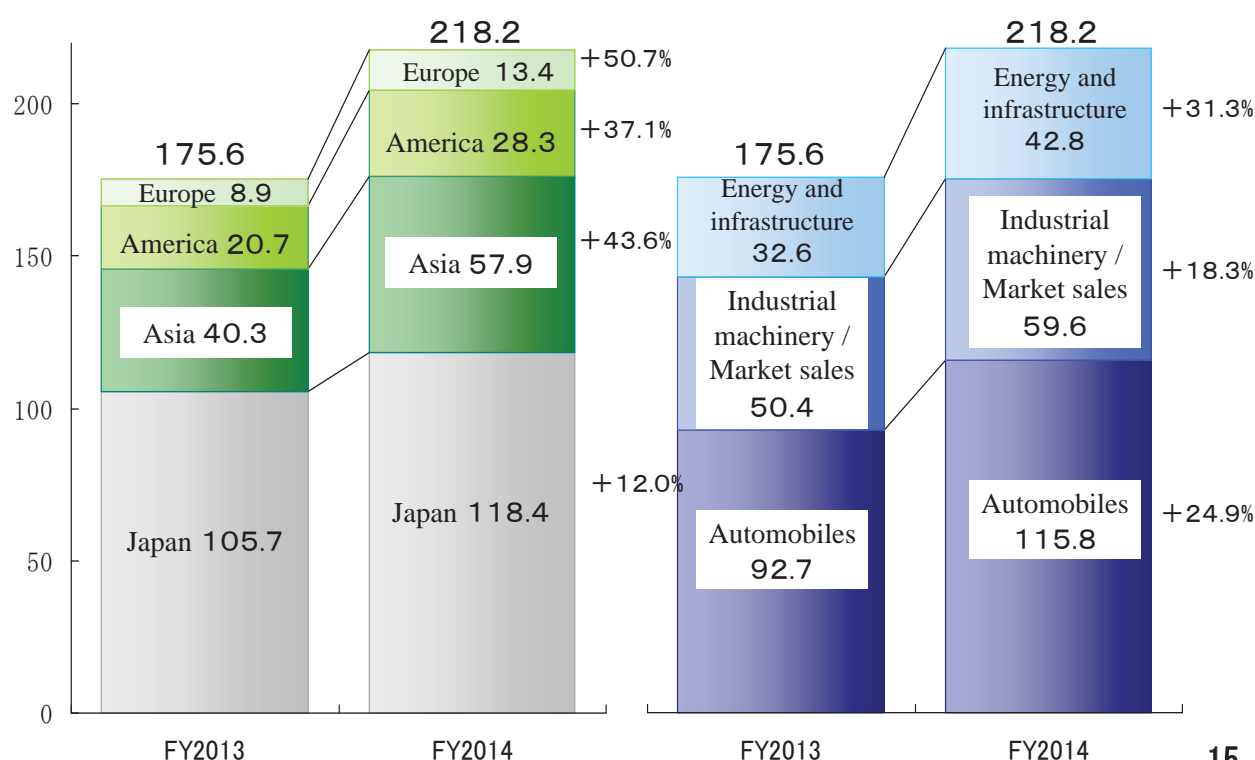
Sales by Region and Market Segment

FY2014

(Billions of yen)

Sales by region

Sales by market



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Sales and Operating Income by Business Segments

FY2014

(Billions of yen)

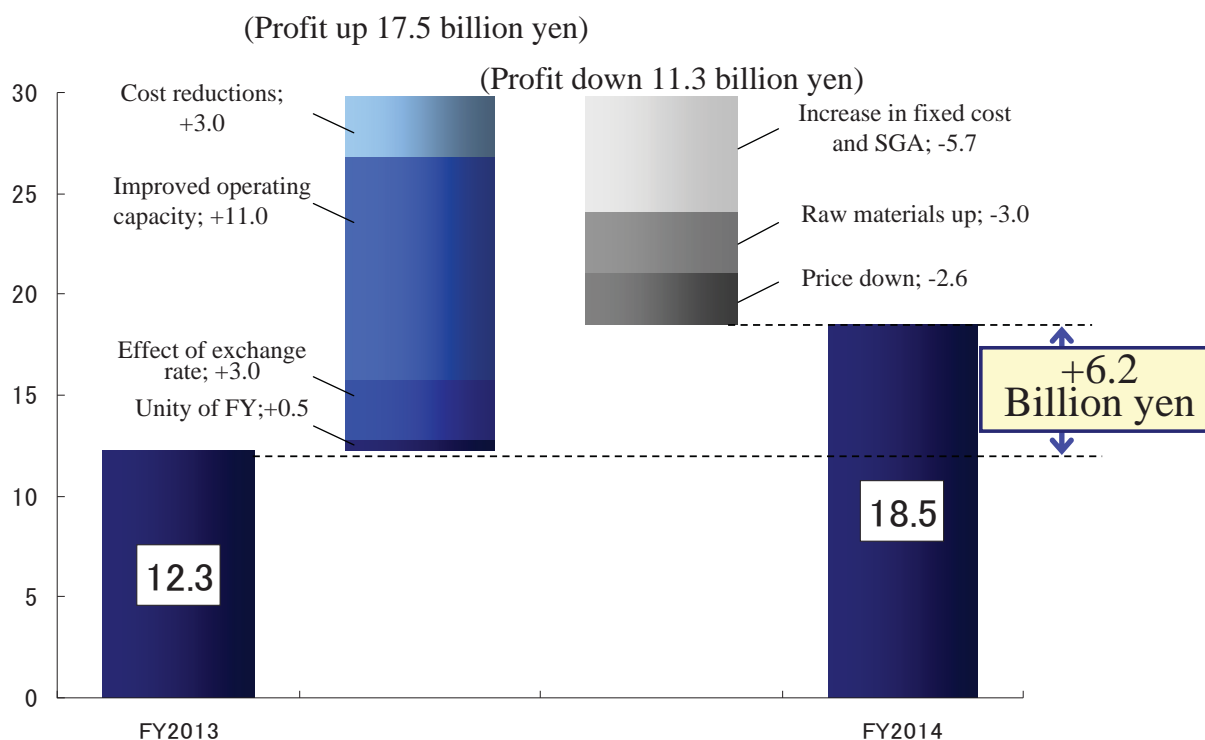
		FY2013 (A)	FY2014 (B)	Increase/Decrease (%) (B)−(A)	
Machinery & Tool	Cutting Tools	28.0	32.3	(+15.3%)	+4.3
	Machine Tools	22.6	24.3	(+7.5%)	+1.6
	Robots	13.1	18.2	(+38.4%)	+5.0
	Net Sales	63.8	74.8	(+17.3%)	+11.0
	Operating Income	(8.7%) 5.5	(9.0%) 6.7	(+20.9%)	+1.1
Components	Bearings	64.5	81.1	(+25.7%)	+16.6
	Hydraulic Equipment	33.6	44.4	(+31.9%)	+10.7
	Net Sales	98.2	125.5	(+27.9%)	+27.3
	Operating Income	(5.6%) 5.4	(7.9%) 9.9	(+81.2%)	+4.4
Materials & Others	Net Sales	13.6	17.7	(+30.2%)	+4.1
	Operating Income	(9.3%) 1.2	(10.9%) 1.9	(+52.8%)	+0.6
Total Net Sales		175.6	218.2	(+24.2%)	+42.5
Total Operating Income		(7.0%) 12.3	(8.5%) 18.5	(+50.5%)	+6.2

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Factors for Change in Operating Income

FY2014

(Billions of yen)



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Outlook for FY2015

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Consolidated Financial Highlights of FY2015 Plan

FY2015

(Billions of yen)

	FY2014 (A)	FY2014 Forecasts (B)	Increase/Decrease (Proportion) (B) – (A)
Net Sales	218.2	225.0	(+3.1%) +6.7
(profit ratio on net sales) Operating Income	(8.5%) 18.5	(9.1%) 20.5	(+10.4%) +1.9
Ordinary Income	(8.4%) 18.4	(8.7%) 19.5	(+5.9%) +1.0
Extraordinary income	0.0	0.0	△0.0
Extraordinary loss	1.7	0.0	△1.7
Net Income	9.9	12.0	(+20.8%) +2.0

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Consolidated Financial Data

FY2015

(Billions of yen)

	FY2013 (A)		FY2014 Forecasts (B)		Increase/Decrease (B) – (A)
ROE		11.8%		12.5%	+0.7 point
Total Assets		255.6		266.4	+10.7
Stockholder's equity (stockholder's equity ratio)	(35.8%)	91.5	(37.9%)	101.0	+9.4
Interest-bearing debt (Net D/E ratio)	(x0.4)	64.1	(x0.4)	67.4	+3.2
Capacity investment		20.6		20.0	△0.6
Depreciation and amortization		11.7		13.2	+1.4
Number of employees		6,296		6,400	+104
Exchange rate (US\$) (Euro€)		103yen 139yen		110yen 135yen	7 yen depreciation against USD 4 yen appreciation against Euro

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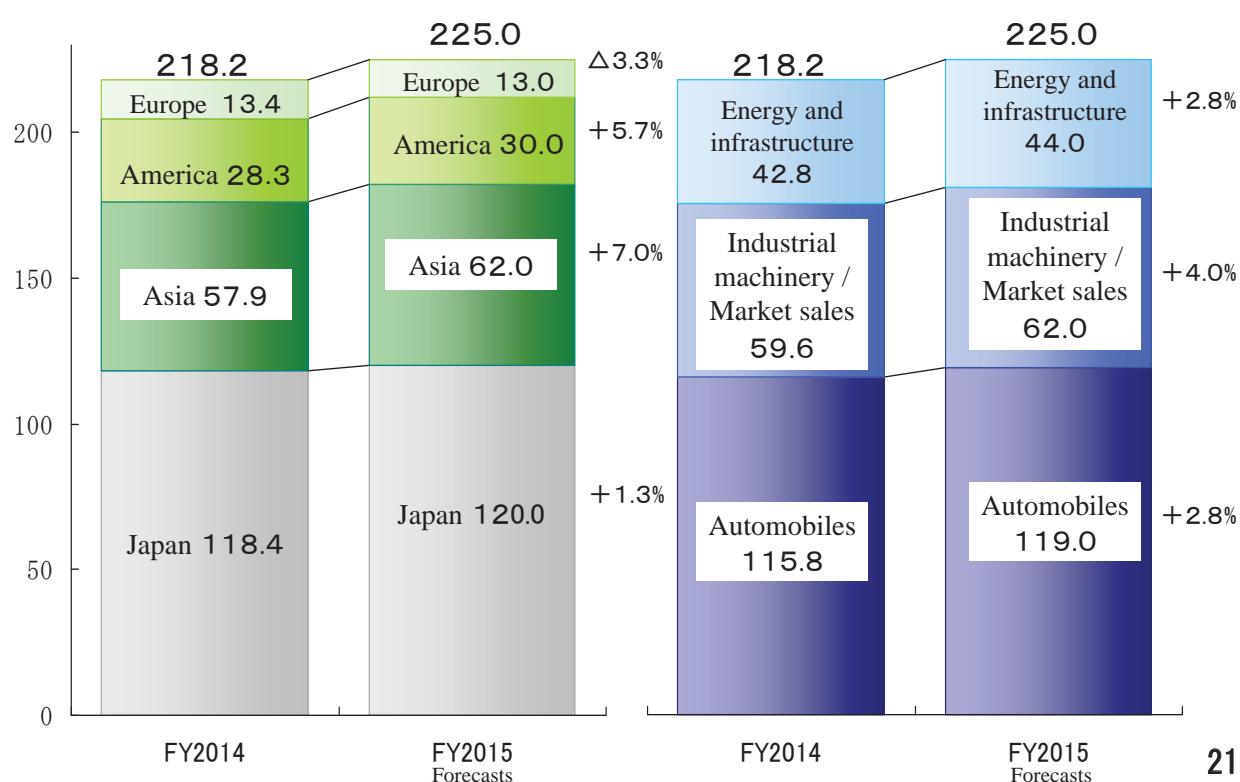
Sales by Region and Market Segment

FY2015

(Billions of yen)

Sales by region

Sales by market



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Sales and Operating Income by Business Segments

FY2015

(Billions of yen)

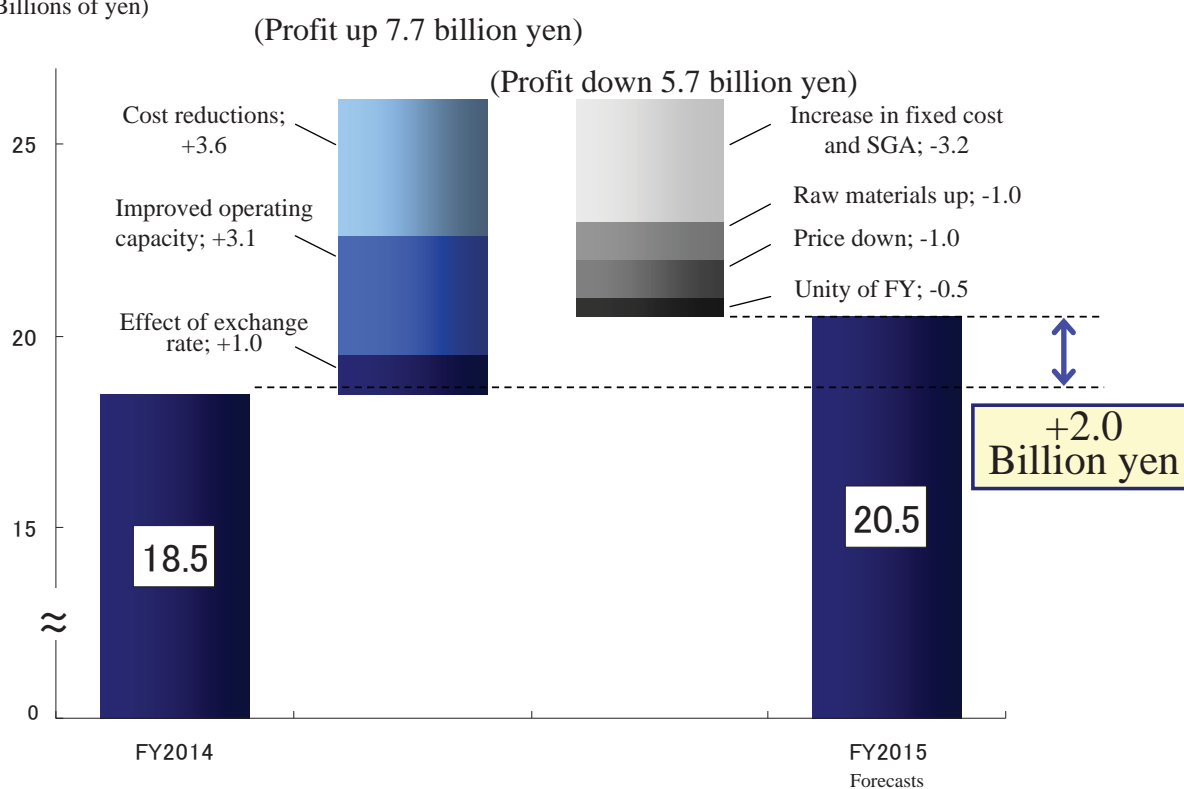
		FY2014 (A)		FY2015 Forecasts (B)		Increase/Decrease (%) (B)−(A)	
Machinery & Tool	Cutting Tools	32.3	34.0	(+5.1%)	+1.6		
	Machine Tools	24.3	19.0	(Δ21.9%)	Δ5.3		
	Robots	18.2	21.0	(+15.4%)	+2.7		
	Net Sales	74.8	74.0	(Δ1.1%)	Δ0.8		
	Operating Income	(9.0%) 6.7	(9.7%) 7.2	(+7.2%)	+0.4		
Components	Bearings	81.1	83.5	(+2.8%)	+2.3		
	Hydraulic Equipment	44.4	48.5	(+9.2%)	+4.0		
	Net Sales	125.5	132.0	(+5.1%)	+6.4		
	Operating Income	(7.9%) 9.9	(8.6%) 11.3	(+13.9%)	+1.3		
Materials & Others	Net Sales	17.7	19.0	(+6.9%)	+1.2		
	Operating Income	(10.9%) 1.9	(10.5%) 2.0	(+3.4%)	+0.0		
Total Net Sales		218.2	225.0	(+3.1%)	+6.7		
Total Operating Income		(8.5%) 18.5	(9.1%) 20.5	(+10.4%)	+1.9		

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Factors for Change in Operating Income

FY2015

(Billions of yen)



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Target of Mid-term Business Plan

FY2015

(Billions of yen)

	FY2014 Result		FY2015 Forecasts		FY2016 Target	
Net Sales	218.2		225.0		250.0	
(profit ratio on net sales) Operating Income	(8.5%)	18.5	(9.1%)	20.5	(10.0%)	25.0
Ordinary Income	(8.4%)	18.4	(8.7%)	19.5	(9.6%)	24.0
Net Income	9.9		12.0		16.0	

Capacity investment	20.6	20.0	(total of 3year) 50.0
Number of employees	6,296	6,400	6,500
Exchange rate US\$/€	103/139yen	110/135yen	110/135yen

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