

FY2019 First Quarter Consolidated Financial Results Highlights

1st Quarter (YTD) Financial Results	2018/6		2019/6		Year-on-year comparison	
	Amount	%	Amount	%	Amount	%
Net sales	26,686	100.0%	25,482	100.0%	-1,204	-4.5%
Operating profit	1,749	6.6%	1,144	4.5%	-605	-34.6%
Non-operating profit	186	0.7%	217	0.9%	31	17.0%
Foreign exchange gains	-	-	43	0.2%	43	-
Non-operating expenses	436	1.6%	286	1.1%	-149	-34.3%
Interest expense	212	0.8%	241	0.9%	29	14.0%
Foreign exchange losses	183	0.7%	-	-	-183	-100.0%
Ordinary profit	1,499	5.6%	1,075	4.2%	-423	-28.3%
Profit before income taxes	1,499	5.6%	1,075	4.2%	-423	-28.3%
Income taxes - current	663	2.5%	553	2.2%	-110	-16.6%
Income taxes - deferred	-83	-0.3%	-81	-0.3%	1	-1.4%
Profit attributable to non-controlling interests	167	0.6%	105	0.4%	-61	-36.6%
Profit attributable to owners of parent	751	2.8%	498	2.0%	-253	-33.7%
Exchange rate (USD)	106.24		110.99			
Exchange rate (EUR)	130.52		124.56			

Exchange rate is TTM rate as of March 31.

Results for the period	Results			Results/Forecast		
	2018/6	2018/9 (YTD)	2019/3	2019/6 Results	2019/9 (YTD) Forecast	2020/3 Forecast
Net sales	26,686	53,822	107,718	25,482	51,000	100,100
Operating profit	1,749	3,716	7,262	1,144	2,400	4,500
(Operating margin)	(6.6%)	(6.9%)	(6.7%)	(4.5%)	(4.7%)	(4.5%)
Ordinary profit	1,499	3,372	6,630	1,075	2,400	4,400
(Ordinary income margin)	(5.6%)	(6.3%)	(6.2%)	(4.2%)	(4.7%)	(4.4%)
Profit attributable to owners of parent	751	1,758	4,135	498	1,200	4,800
(Net profit margin)	(2.8%)	(3.3%)	(3.8%)	(2.0%)	(2.4%)	(4.8%)
Exchange rate (USD)	106.24	110.54	111.00	110.99		105.00
Exchange rate (EUR)	130.52	127.91	127.00	124.56		117.00

Segment	Consolidated Net Sales (including inter-segment sales and transactions)				Year-on-year comparison	
	2018/6	%	2019/6	%	Amount	%
Automotive engine bearings	16,552	62.0%	15,426	60.5%	-1,126	-6.8%
Automotive non-engine bearings	3,512	13.2%	3,468	13.6%	-44	-1.3%
Non-automotive bearings	2,276	8.5%	2,397	9.4%	121	5.3%
Other automotive parts	3,787	14.2%	3,735	14.7%	-51	-1.4%
Others (*1)	557	2.1%	454	1.8%	-102	-18.4%
Total	26,686	100.0%	25,482	100.0%	-1,204	-4.5%

(*1) "Others" includes electrode sheets for electric double layer capacitors, the metallic dry bearings business, pump-related products businesses, and real estate leasing business.

[Sales by segment]

Segment	Year-on-year comparison		Reasons for gains and losses
	Amount	%	
Automotive engine bearings	-1,126	-6.8%	(+)Japan : New business development for cars (-)Japan : Decrease in demand for trucks for exports (+)China : Order increase from new customers (-)Demand decrease for cars in North America, Europe, Korea (-)Order decrease for bearings for turbochargers
Automotive non-engine bearings	-44	-1.3%	(-)Decreased sales for trading companies (for middle east, etc)
Non-automotive bearings	121	5.3%	(+)Firm demand from ship sector (-)Weak demand from construction machinery sector
Other automotive parts	-51	-1.4%	(+)Increased orders for Iino Group (-)Order decrease for aluminum die cast parts due to weak car production globally
Others	-102	-18.4%	(+)New business development for pump-related products (-)Demand decrease for special types of bearings
Total	-1,204	-4.5%	

[Operating profit by segment]

Segment	Year-on-year comparison		Reasons for gains and losses
	Amount	%	
Automotive engine bearings	-187	-9.8%	(-)Profit decrease due to weak car production globally
Automotive non-engine bearings	-92	-12.3%	(-)Decrease in sales
Non-automotive bearings	27	8.2%	(+)Increase in sales for high value-added bearings
Other automotive parts	-178	-107.3%	(+)Improvement of productivity in factory for aluminum die cast parts (-)Increase in labor costs and factory expenses due to setup of DMCT (New factory for aluminum die cast parts in Thailand) (-)Temporary cost to reorganize domestic sites of Iino Group
Others	-26	-16.2%	(-)Decrease in sales
Unattributable costs	-148	-9.3%	
Total	-605	-34.6%	(+)Decrease in expenses (-)Decreased sales

<Forecast of FY2019 financial results /Dividend>

Please refer to the left column for forecast of 2019/9 financial results.

Planned annual dividend is unchanged with 35 yen per share (interim dividend of 20 yen per share, including commemorative dividend of 5 yen per share and year-end dividend of 15 yen per share).

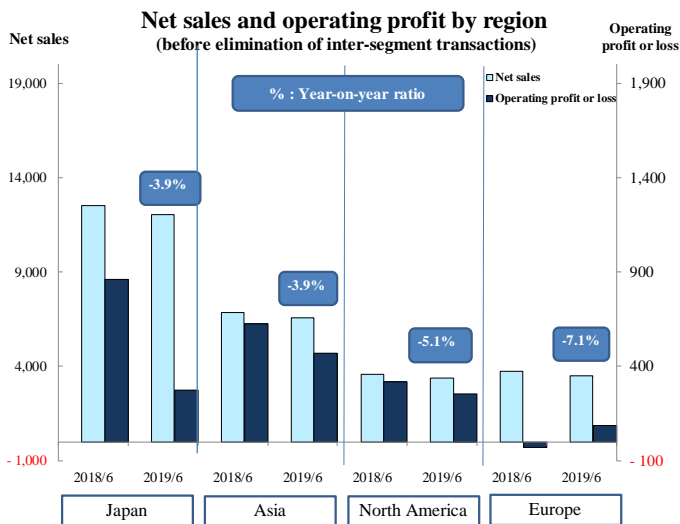
	2017/3	2018/3	2019/3	2020/3 (Plan)
Interim	15	15	15	Plan 20
Year-end	15	15	15	Plan 15
Annual	30	30	30	Plan 35

[Sales by region]

Region	Year-on-year comparison		Reasons for gains and losses
	Amount	%	
Japan	-493	-3.9%	(+)New business development for cars (-)Decrease in demand for trucks for exports (-)Order decrease for bearings for turbochargers (+)Firm demand from ship sector (+)New business development for hydraulic machinery (-)Weak demand from construction machinery sector
Asia	-264	-3.9%	(+)Indonesia : Order increase for marketplace (+)China : Order increase from new customers (-)Korea : Weak demand (+)Order increase for Iino Group (-)Order decrease for aluminum die cast parts due to weak car production globally
North America	-182	-5.1%	(-)Weak demand from car and construction machinery sector (+)Order increase for Iino Group
Europe (including Russia)	-264	-7.1%	(-)Demand decrease in diesel cars in Europe (+)Order increase for mid to high-speed diesel engines
Total	-1,204	-4.5%	

[Operating profit by region]

Region	Year-on-year comparison		Reasons for gains and losses
	Amount	%	
Japan	-586	-68.1%	(-)Decrease in sales/Profit decrease due to increased fixed cost
Asia	-155	-24.8%	(-)Korea : Decrease in sales (+)Improvement of productivity in factory for aluminum die cast parts (-)Increase in labor costs and factory expenses due to setup of DMCT
North America	-64	-20.2%	(-)Decrease in sales
Europe (including Russia)	113	-	(+)Decrease in production cost
Elimination of inter-segment transactions	87	-	
Total	-605	-34.6%	(+)Decrease in expenses (-)Decreased sales



Financial ratios	2018/3	2018/6	2019/3	2019/6	Comparison with 2019/3
Operating margin	6.2%	6.6%	6.7%	4.5%	-2.2pt
Return on Equity (ROE) *	7.4%	6.3%	7.3%	3.5%	-3.8pt
Net assets to total assets	30.3%	30.2%	35.0%	35.0%	±0pt
Net interest bearing debt	52,129	48,802	39,811	40,981	+1,170

* Annualized

Capital Expenditure	FY2016	FY2017	FY2018	FY2019 (Forecast)	2018/6	2019/6
Depreciation	12,329	8,694	7,273	9,200	1,240	2,438
Depreciation	6,751	8,795	8,528	9,200	2,087	2,207

(*) Future prospects are prepared as information purpose only, based on the information available to us at this moment, and are under certain condition which we assumed reasonable. We will not guarantee the realization of such prospects, and actual performance fluctuates due to various factors.