

FY2019 Second Quarter Consolidated Financial Results Highlights

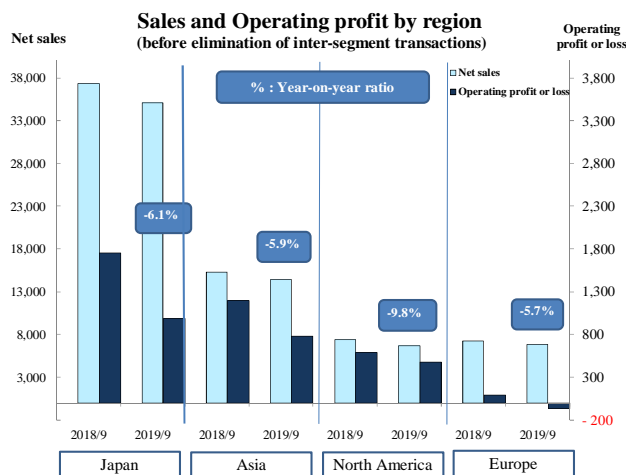
2nd Quarter (YTD) Financial Results	2018/9		2019/9		Year-on-year comparison	
	Amount	%	Amount	%	Amount	%
Net sales	53,822	100.0%	50,701	100.0%	-3,120	-5.8%
Operating profit	3,716	6.9%	2,335	4.6%	-1,381	-37.2%
Non-operating profit	356	0.7%	397	0.8%	41	11.6%
Non-operating expenses	700	1.3%	552	1.1%	-147	-21.1%
Interest expense	421	0.8%	430	0.8%	9	2.2%
Foreign exchange losses	135	0.3%	10	0.0%	-125	-92.3%
Ordinary profit	3,372	6.3%	2,180	4.3%	-1,192	-35.3%
Profit before income taxes	3,372	6.3%	2,180	4.3%	-1,192	-35.3%
Income taxes - current	1,089	2.0%	773	1.5%	-315	-29.0%
Income taxes - deferred	171	0.3%	218	0.4%	47	27.4%
Profit attributable to non-controlling interests	353	0.7%	262	0.5%	-91	-25.8%
Profit attributable to owners of parent	1,758	3.3%	926	1.8%	-832	-47.3%
Exchange rate (USD)	110.54		107.79			
Exchange rate (EUR)	127.91		122.49			

Exchange rate is TTM rate as of June 30.

Results for the period	2017/3	2018/3	2019/3	2019/9 (YTD) (Forecast)	2019/9 (YTD) (Actual)	2020/3 (Forecast)
Net sales	85,073	106,648	107,718	51,000	50,701	100,100
Operating profit (Operating margin)	4,700 (5.5%)	6,628 (6.2%)	7,262 (6.7%)	2,400 (4.7%)	2,335 (4.6%)	4,500 (4.5%)
Ordinary profit (Ordinary income margin)	5,023 (5.9%)	6,826 (6.4%)	6,630 (6.2%)	2,400 (4.7%)	2,180 (4.3%)	4,400 (4.4%)
Profit attributable to owners of parent (Net profit margin)	2,212 (2.6%)	3,590 (3.4%)	4,135 (3.8%)	1,200 (2.4%)	926 (1.8%)	4,800 (4.8%)
Exchange rate (USD)	116.49	113.00	111.00	105.00	107.79	105.00
Exchange rate (EUR)	122.70	134.94	127.00	117.00	122.49	117.00

Sales by Segment	2018/9	%	2019/9	%	Year-on-year comparison	
					Amount	%
Automotive engine bearings	32,820	61.0%	30,690	60.5%	-2,130	-6.5%
Automotive non-engine bearings	8,406	15.6%	7,919	15.6%	-486	-5.8%
Non-automotive bearings	4,694	8.7%	5,058	10.0%	363	7.8%
Other automotive parts	7,946	14.8%	7,281	14.4%	-664	-8.4%
Others (*1)	1,393	2.6%	1,259	2.5%	-133	-9.6%
Elimination of internal sales or transfer between segments	-1,438	-	-1,507	-	-69	-
Total	53,822	100.0%	50,701	100.0%	-3,120	-5.8%

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



Financial ratios	2018/3	2018/9	2019/3	2019/9	Comparison with 2019/3
Operating margin	6.2%	6.9%	6.7%	4.6%	-2.1pt
Return on Equity (ROE) *	7.7%	6.7%	7.9%	3.3%	-4.5pt
Net assets to total assets	30.3%	33.9%	35.0%	35.9%	+0.9pt
Net interest bearing debt	52,129	41,539	39,811	39,297	-514

* Annualized

Capital Expenditure	FY2016	FY2017	FY2018	FY2019 (Forecast)	2018/9	2019/9
Depreciation	12,329	8,694	7,273	9,200	3,117	5,456
Capital Expenditure	6,751	8,795	8,528	9,200	4,191	4,631

(*) 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.

Segment	Year-on-year comparison		Reasons for gains and losses
	Amount	%	
Automotive engine bearings	-2,130	-6.5%	(+)Japan : New business development for cars (-)Japan : Decrease in demand from 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	-486	-5.8%	(-)Decreased sales for trading companies (for middle east, etc) (-)Decreased car demand in North America
Non-automotive bearings	363	7.8%	(+)Firm demand from ship sector/Share increase in China and Korea (+)Europe: Slight increase in orders for bearings for mid to high-speed marine diesel engines (-)Weak demand from construction machinery sector
Other automotive parts	-664	-8.4%	(+)Iino Group: Firm demand from North America and China (-)Order decrease for aluminum die cast parts due to weak car production globally
Others	-133	-9.6%	(-)Demand decrease for special types of bearings
Elimination of inter-segment transactions	-69	-	
Total	-3,120	-5.8%	(-)Fluctuations in exchange rate

Segment	Year-on-year comparison		Reasons for gains and losses
	Amount	%	
Automotive engine bearings	-599	-14.1%	(-)Profit decrease due to weak car production globally
Automotive non-engine bearings	-227	-14.3%	(-)Decrease in sales
Non-automotive bearings	212	36.8%	(+)Increase in sales for high value-added bearings (+)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/overseas sites of Iino Group
Other automotive parts	-452	-256.4%	
Others	-74	-20.4%	(-)Decrease in sales
Elimination of inter-segment transactions	-240	-	
Total	-1,381	-37.2%	(+)Decrease in expenses (-)Decreased sales

<Forecast of FY2019 financial results / Dividend >

Forecast of FY 2019 financial results announced on September 17, 2019 remains unchanged.

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	20
Year-end	15	15	15	15
Annual	30	30	30	35

Region	Year-on-year comparison		Reasons for gains and losses
	Amount	%	
Japan	-2,272	-6.1%	(+)New business development for cars (-)Decrease in demand from trucks for exports (-)Order decrease for bearings for turbochargers (+)Firm demand from ship sector/Share increase in China and Korea (+)New business development for hydraulic machinery (-)Weak demand from construction machinery sector
Asia	-903	-5.9%	(-)Thailand : Decrease in car related exports (+)China : Order increase from new customers/Slight decrease in sales due to demand decrease from customers in Europe and China, while Japanese automotive customer's demand is stable (-)Korea : Weak production and sales, especially for exporting business to China (-)Order decrease for aluminum die cast parts due to weak car production globally
North America	-727	-9.8%	(-)Weak demand from car and construction machinery sector
Europe (including Russia)	-409	-5.7%	(-)Demand decrease in diesel cars in Europe (+)Slight increase in orders for mid to high-speed diesel engines
Elimination of internal transactions	1,192	-	
Total	-3,120	-5.8%	(-)Fluctuations in exchange rate

Region	Year-on-year comparison		Reasons for gains and losses
	Amount	%	
Japan	-760	-43.4%	(-)Increased fixed cost due to increase in labor costs and expenses (-)Temporary cost to reorganize domestic sites of Iino Group (-)Decrease of material exports to overseas subsidiaries due to demand decrease
Asia	-416	-35.0%	(+)Improvement of productivity in factory for aluminum die cast parts (-)Increase in labor costs and factory expenses due to setup of DMCT
North America	-111	-18.9%	(-)Iino Group: Temporary cost to transfer production site from North America to Mexico
Europe (including Russia)	-159	-171.3%	(-)Increase in labor costs and material costs
Elimination of internal transactions	66	-	
Total	-1,381	-37.2%	(+)Decrease in expenses (-)Decreased sales