

Business Results for the 1st Half ended May 31, 2015

July 16, 2015

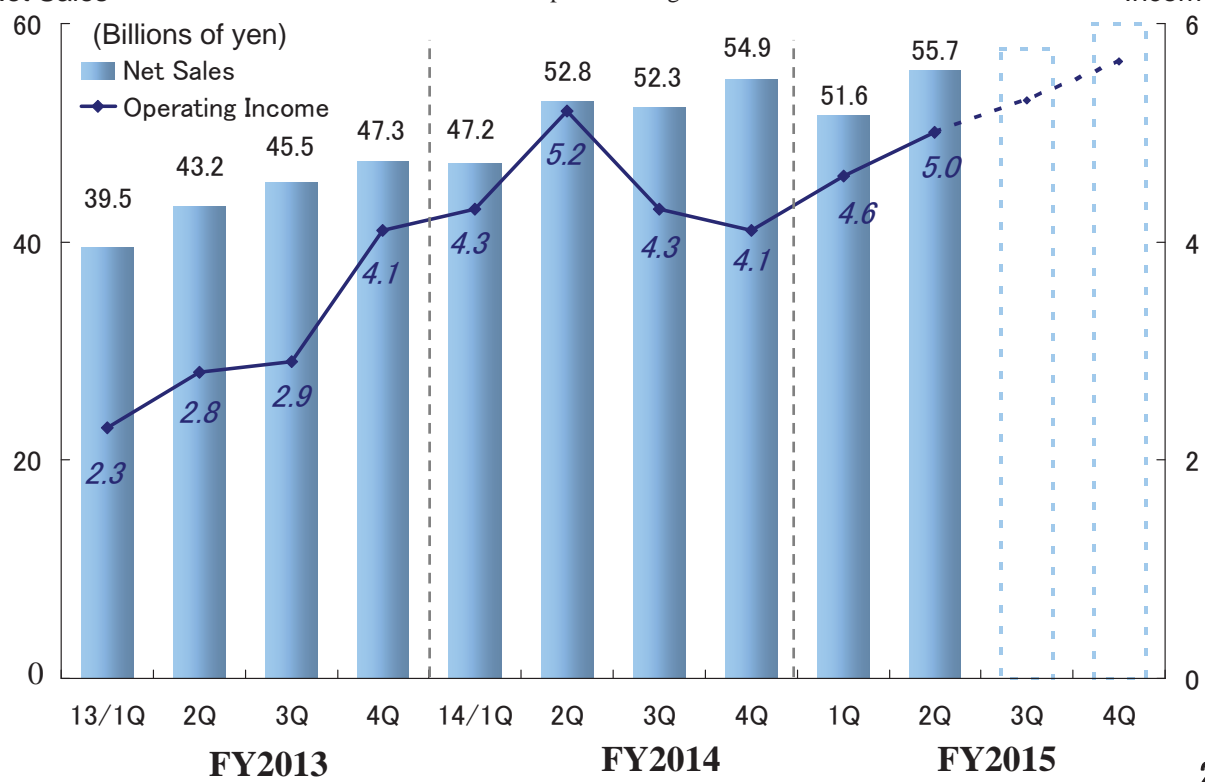
NACHI 株式会社 不二越

To Accomplish Our Mid-term Plan

Quarterly Financial Results and Forecast

Overview

Net Sales * FY2014 do not include the effect of FY period change of overseas consolidated subsidiaries. Operating Income



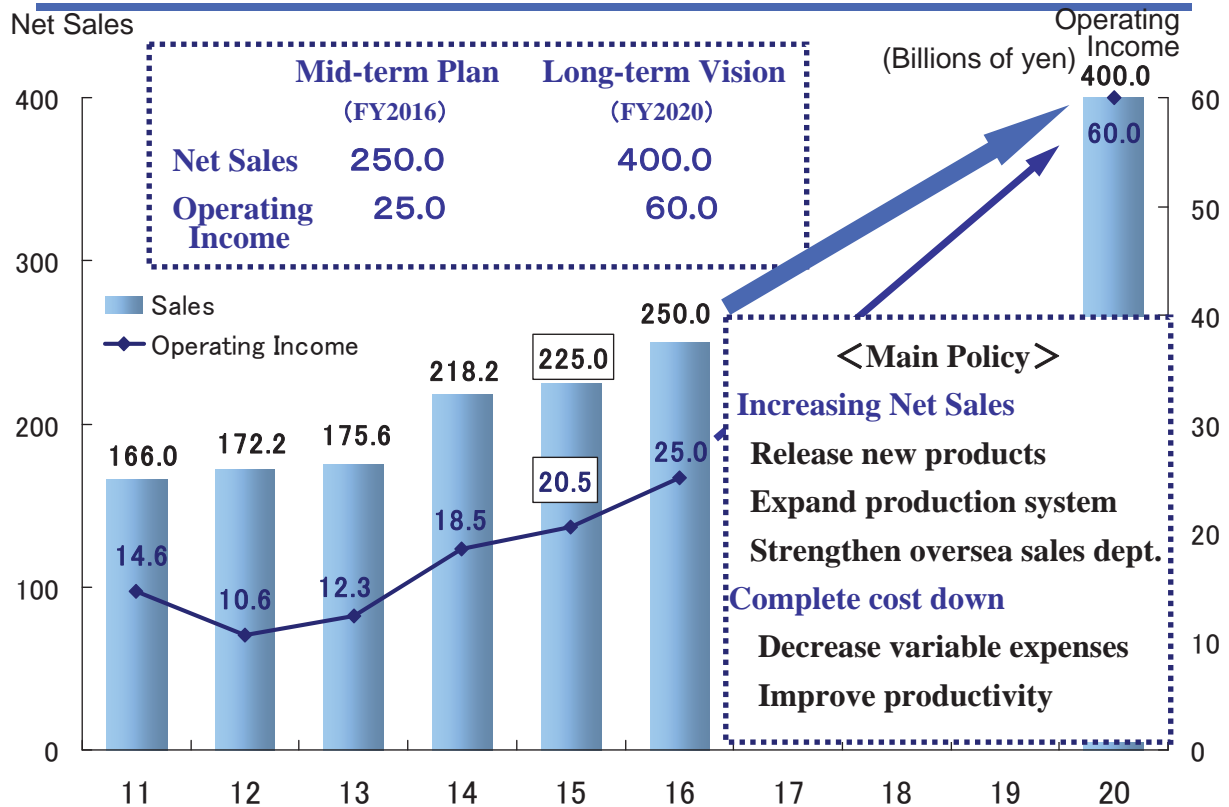
FY2015 1st Half Results & Full Year Forecast

Overview

* FY2014 do not include the effect of FY period change of overseas consolidated subsidiaries.

	FY2014		FY2015	
	1st Half	Full Year	1st Half	Full Year Forecasts
<i>(rate of increase)</i>			<i>(+7.2%)</i>	<i>(+8.4%)</i>
Net Sales	100.1	207.4	107.3	225.0
[profit ratio on net sales]			<i>(+1.2%)</i>	<i>(+13.5%)</i>
Operating Income	[9.5%] 9.5	[8.7%] 18.0	[9.0%] 9.6	[9.1%] 20.5
Ordinary Income	[8.9%] 8.9	[8.6%] 17.8	[8.4%] 9.0	[8.7%] 19.5
Net Income	4.3	9.5	5.7	12.0

Mid-term Business Plan and Long-term Vision Overview



4

Release new products ~Robot~

Overview



The world's fastest compact robot "MZ04"

Expansion of demand for industrial robots

Robots replace workers in factories, electrical and electronics industry, and etc.

Miniaturizing, safing, and improving operation



5

Release new products ~Cutting Tools~

Overview



Carbide drill

- Expand Sizes and Add Series



Tap Develop and launch new series

Carbide drill :

- Extend domestic share, and expand business to US, and China
- Combine sales with Tap new series

6

Release new products ~Hydraulic Equipment~

Overview



Hydraulic Equipments for Construction Machine

For construction machine :
Extending market share in US,
Europe and China

For industrial machine :
Entering global OEM market



Energy saving Compact Hydraulic Unit

7

Strengthen overseas sales dept.

Overview



Nachi Europe



NACHI (SHANGHAI)



Nachi America

Increasing the number of sales staff

China: x4, US and Euro: x1.5 (vs. FY2010)

Expanding and improving Sales facilities

Expand exhibition hall, and service center



Nachi Singapore

Expand the production system

Overview

NACHI CZECH



NACHI (JIANGSU) INDUSTRIES



NACHI TECHNOLOGY
NACHI TOOL AMERICA



NACHI KG TECHNOLOGY INDIA

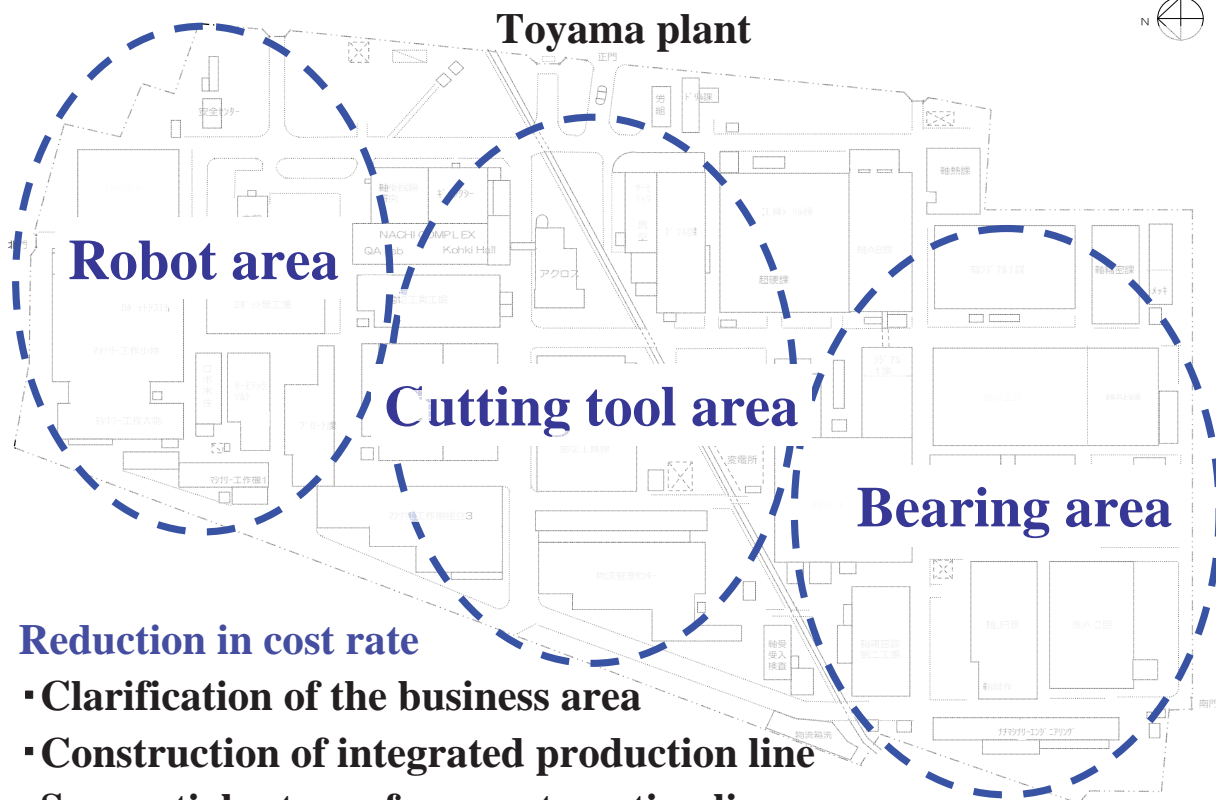


NACHI TECHNOLOGY THAILAND



NACHI TECHNOLOGY MEXICO





Reduction in cost rate

- Clarification of the business area
- Construction of integrated production line
- Sequential set up of new automation line

10

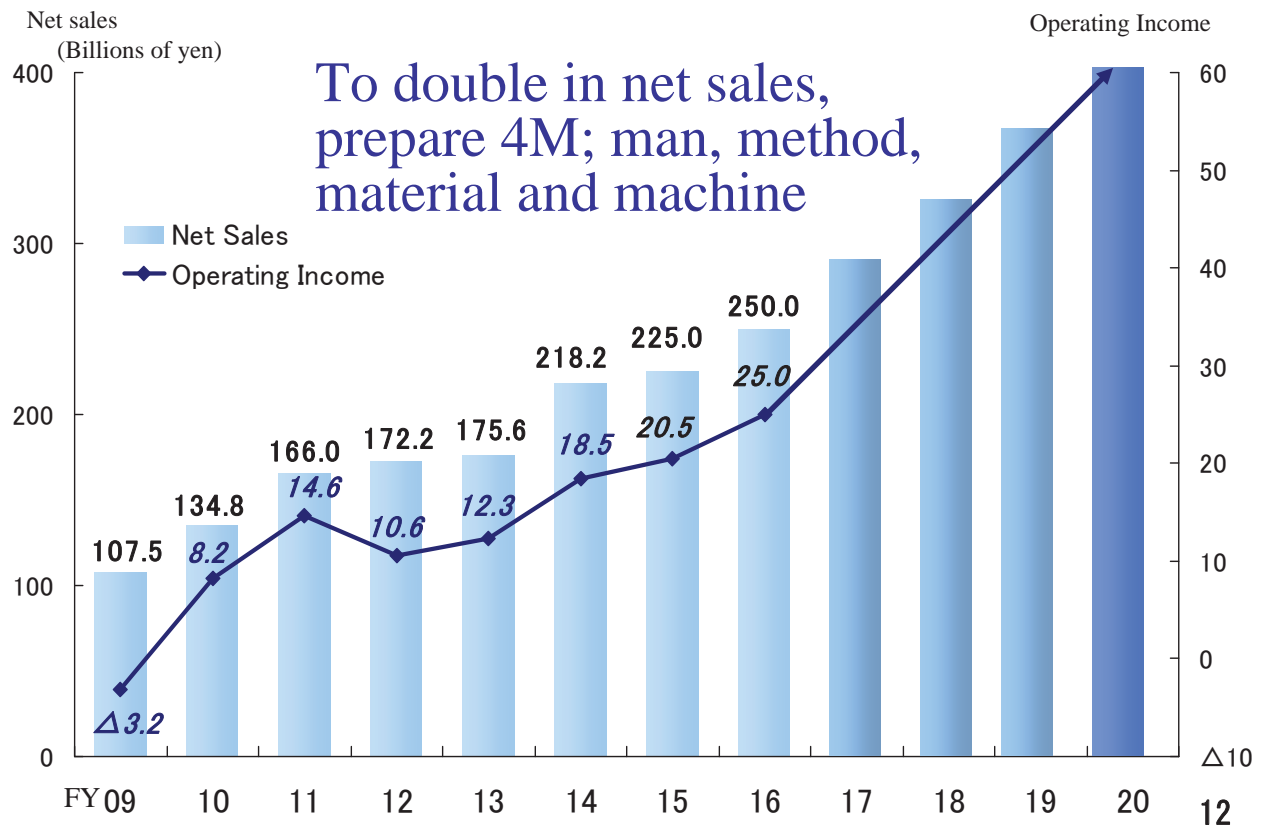
Renewal open of exhibition hall in Oct. 2015



Focusing on robots which has been paid attention from domestic and foreign users

Demonstrate the various and practical automation lines

11



Overview of FY2015 1st Half Results

Consolidated Financial Highlights of FY2015 1st Half FY2015 1st Half

※ FY2014 do not include the effect of FY period change of overseas consolidated subsidiaries. (Billions of yen)

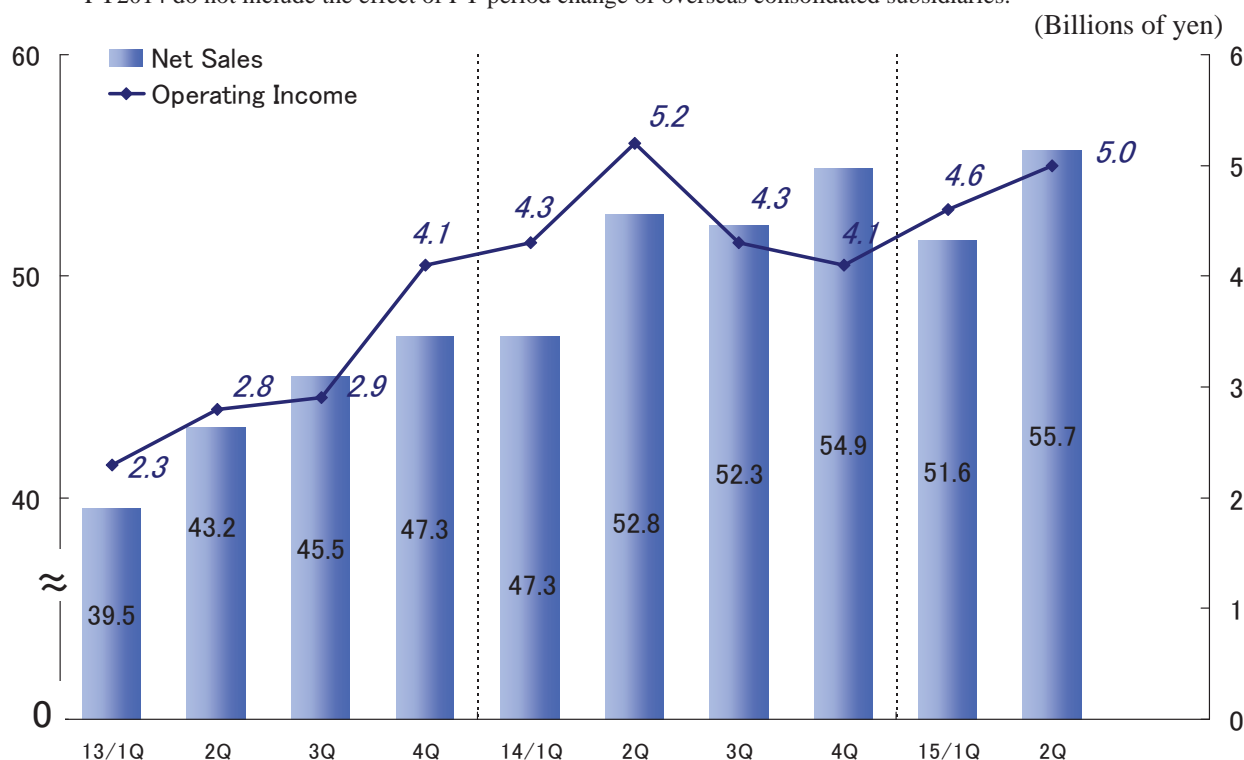
	FY2014 1st Half (A)	FY2015 1st Half(B)	Increase/Decrease (Change Rate) (B) - (A)
<result in reporting>	<110.9>		<Δ3.2%>
Net Sales	100.1 [*]	107.3	(+7.2%) +7.1
Operating Income	(9.5%) 9.5 [*]	(9.0%) 9.6	(+1.2%) +0.1
Ordinary Income	(8.9%) 8.9 [*]	(8.4%) 9.0	(+0.9%) +0.0
Net Income	<4.7> 4.3 [*]	5.7	<+20.3%> (+32.3%) +1.3

14

Quarterly Financial Results

FY2015 1st Half

* FY2014 do not include the effect of FY period change of overseas consolidated subsidiaries.



15

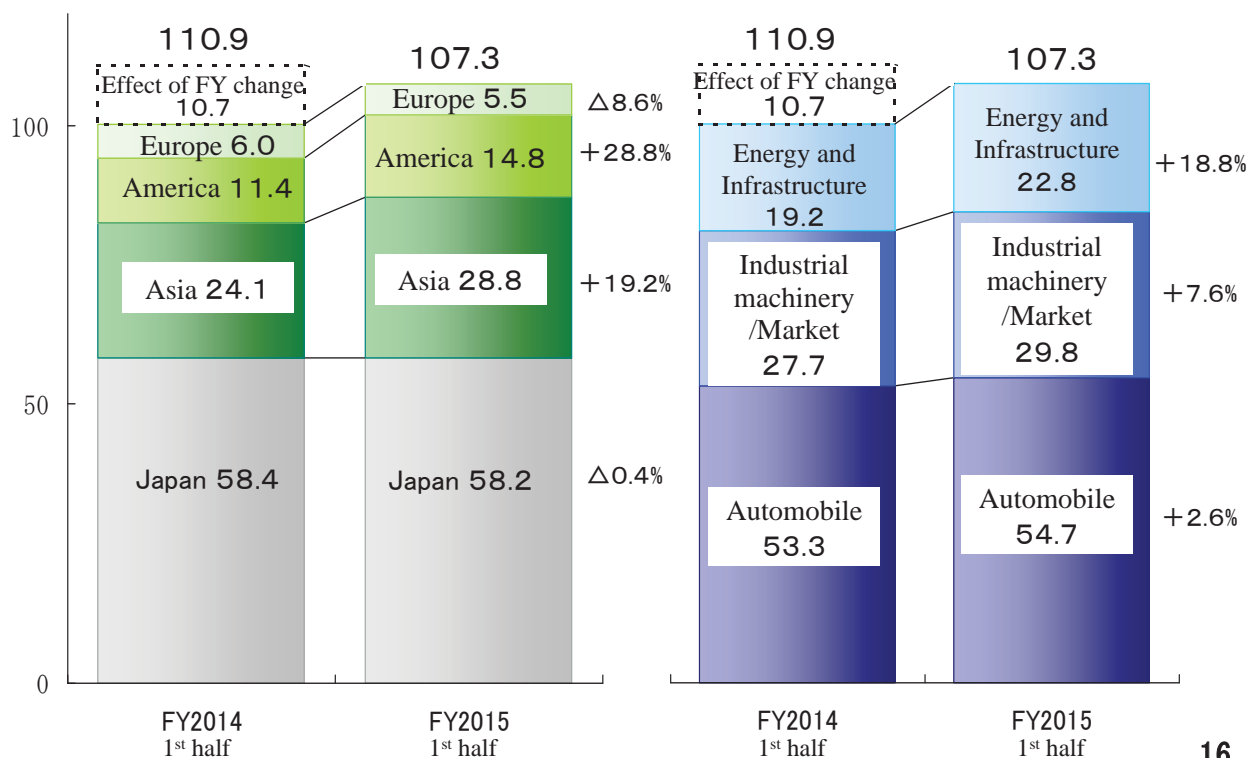
Sales by Region and Market Segment

FY2015 1st Half

(Billions of yen)

Sales by region

Sales by market



16

Sales and Operating Income by Business Segments

FY2015 1st Half

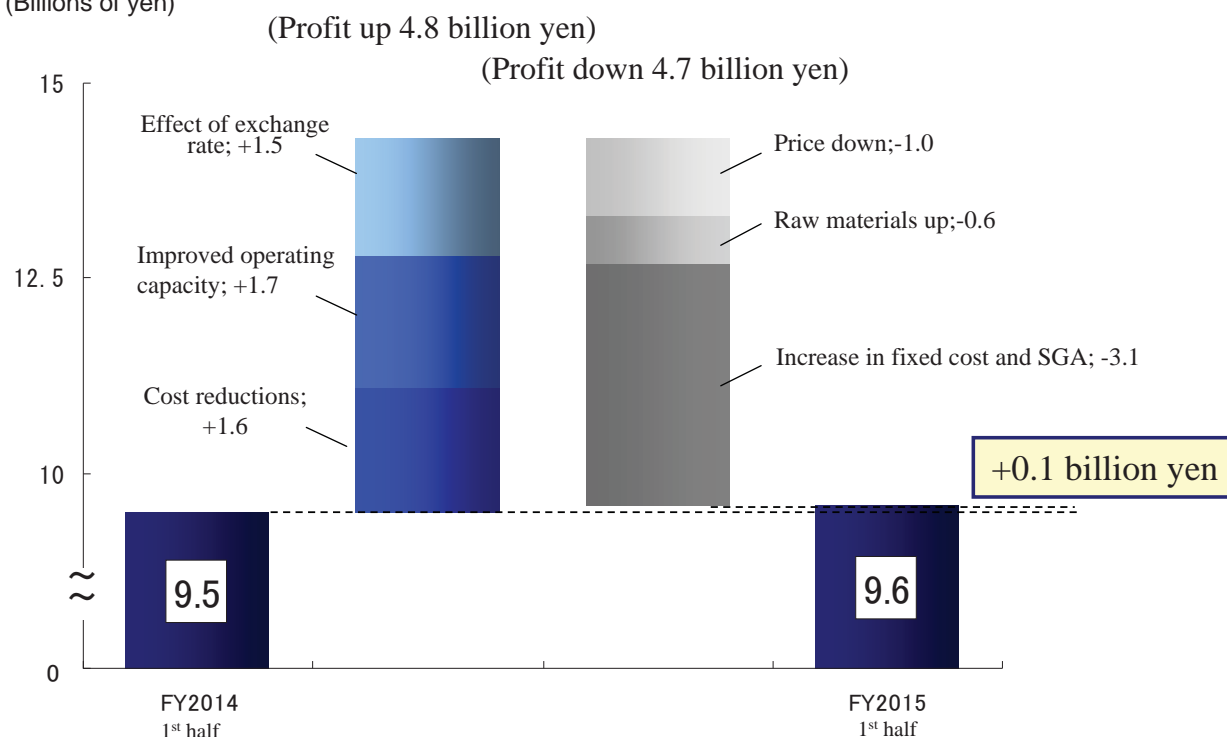
* FY2014 do not include the effect of FY period change of overseas consolidated subsidiaries. (Billions of yen)

		FY2014 1st Half (A)		FY2015 1st Half(B)		Increase/Decrease (%) (B)–(A)	
Machinery & Tool	Cutting Tools	15.2	16.6	(+8.6%)	+1.3		
	Machine Tools	10.3	8.7	(Δ16.1%)	Δ1.6		
	Robots	7.8	10.7	(+37.2%)	+2.9		
	Net Sales	33.4	36.0	(+7.6%)	+2.5		
	Operating Income	(10.0%) 3.3	(11.0%) 3.9	(+18.3%)	+0.6		
Components	Bearings	36.8	38.8	(+5.4%)	+2.0		
	Hydraulic Equipment	21.2	23.7	(+11.8%)	+2.5		
	Net Sales	58.1	62.6	(+7.7%)	+4.4		
	Operating Income	(9.0%) 5.2	(7.6%) 4.7	(Δ8.9%)	Δ0.4		
Materials & Others	Net Sales	8.5	8.6	(+1.3%)	+0.1		
	Operating Income	(10.3%) 0.8	(11.1%) 0.9	(+9.0%)	+0.0		
Total Net Sales		100.1	107.3	(+7.2%)	+7.1		
Total Operating Income		(9.6%) 9.5	(9.0%) 9.6	(+1.2%)	+0.1		

17

Factors for Change in Operating Income FY2015 1st Half

* FY2014 do not include the effect of FY period change of overseas consolidated subsidiaries.
(Billions of yen)



18

Consolidated Financial Data FY2015 1st Half

(Billions of yen)

	FY2014 1 st Half (A)	FY2015 1 st Half(B)	Increase/Decrease (B) - (A)
ROE	12.0%	11.9%	Δ0.1 point
Total Assets	221.4	268.4	+47.0
Stockholder's equity (stockholder's equity ratio)	(36.3%) 80.4	(37.1%) 99.6	+19.2
Interest-bearing debt (Net D/E ratio)	(X0.5) 58.5	(X0.5) 71.5	+13.0
Capacity investment	8.8	10.6	+1.8
Depreciation and amortization	5.7	6.2	+0.5
Number of employees	6,270	6,409	+139
Exchange rate (USD) (Euro)	101yen 139yen	119yen 135yen	18 yen depreciation against USD 4 yen appreciation against Euro

19

Outlook for FY2015

20

Consolidated Financial Highlights of FY2015 Plan

FY2015

※ FY2014 do not include the effect of FY period change of overseas consolidated subsidiaries. (Billions of yen)

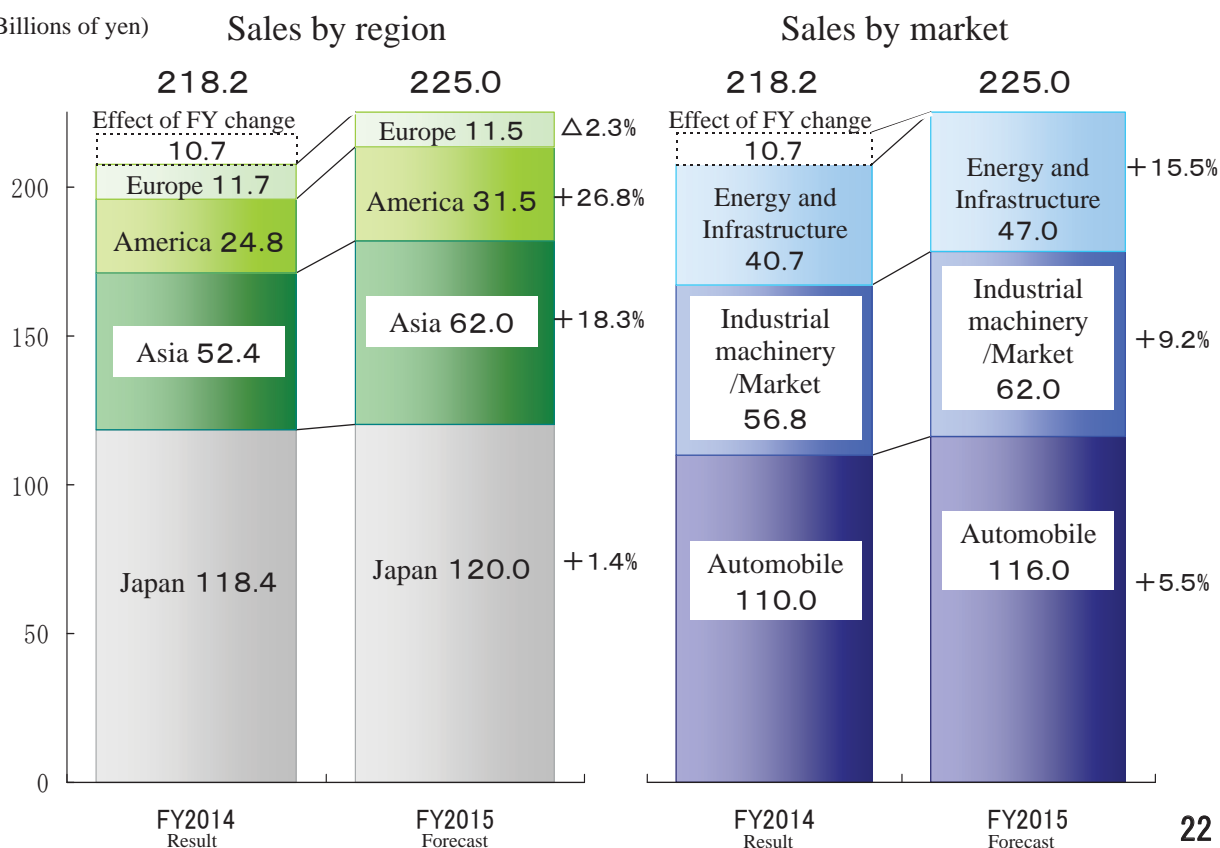
	FY2014 (A)	FY2015 Forecast(B)	Increase/Decrease (Change Rate) (B) - (A)
〈result in reporting〉	〈218.2〉		〈+3.1%〉
Net Sales	207.4 [※]	225.0	(+8.4%) +17.5
	〈18.5〉		〈+10.4%〉
Operating Income	18.0 [※] (8.7%)	20.5 (9.1%)	(+13.5%) +2.4
	〈18.4〉		〈+5.9%〉
Ordinary Income	17.8 [※] (8.6%)	19.5 (8.7%)	(+9.1%) +1.6
	〈9.9〉		〈+20.8%〉
Net Income	9.5 [※]	12.0	(+26.2%) +2.4

21

Sales by Region and Market Segment

FY2015

(Billions of yen)



22

Sales and Operating Income by Business Segments

FY2015

* FY2014 do not include the effect of FY period change of overseas consolidated subsidiaries. (Billions of yen)

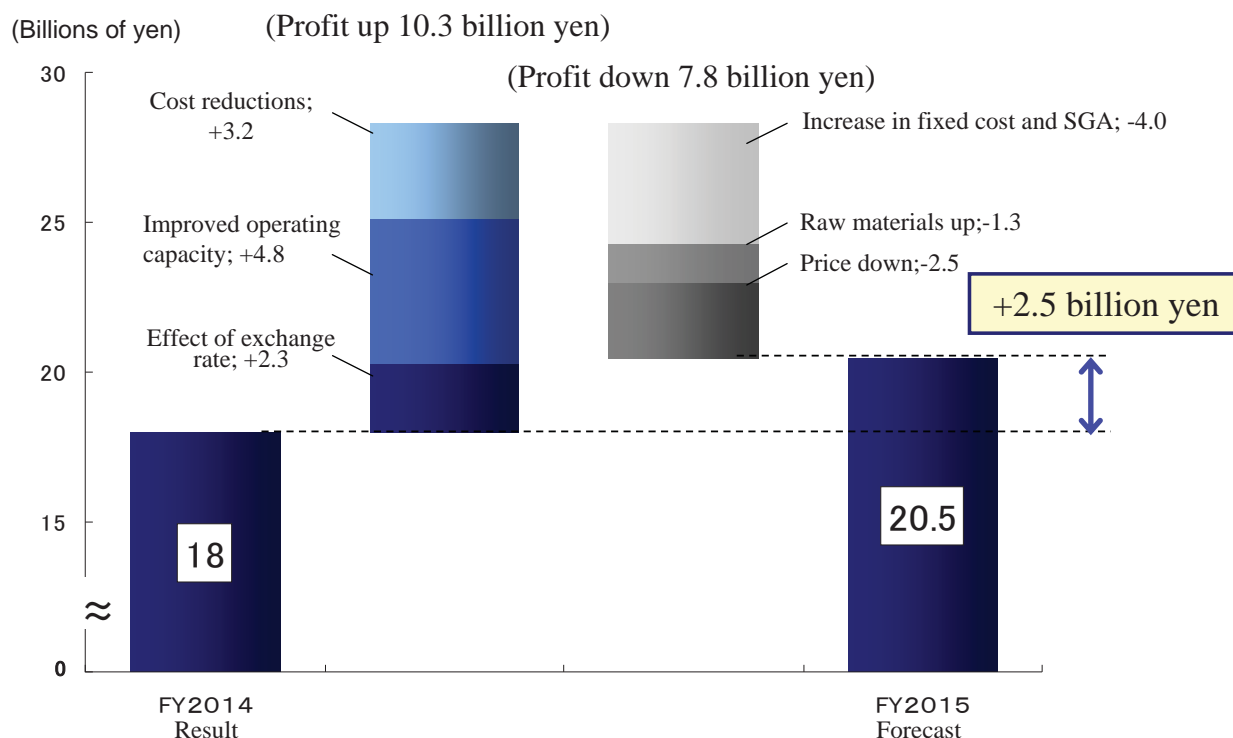
		FY2014 (A)		FY2015 Forecasts (B)		Increase/Decrease (%) (B)-(A)	
Machinery & Tool	Cutting Tools	30.6	34.5	(+12.4%)	+3.8		
	Machine Tools	24.1	19.0	(-21.3%)	-5.1		
	Robots	17.4	22.0	(+26.4%)	+4.6		
	Net Sales	72.2	75.5	(+4.5%)	+3.2		
	Operating Income	(9.1%) 6.5	(10.7%) 8.1	(+23.4%)	+1.5		
Components	Bearings	74.4	82.0	(+10.1%)	+7.5		
	Hydraulic Equipment	43.2	49.5	(+14.6%)	+6.2		
	Net Sales	117.7	131.5	(+11.7%)	+13.7		
	Operating Income	(8.1%) 9.4	(7.8%) 10.3	(+8.5%)	+0.8		
Materials & Others	Net Sales	17.5	18.0	(+2.5%)	+0.4		
	Operating Income	(11.0%) 1.9	(11.7%) 2.1	(+8.9%)	+0.1		
Total Net Sales		207.4	225.0	(+8.4%)	+17.5		
Total Operating Income		(8.7%) 18.0	(9.1%) 20.5	(+13.5%)	+2.4		

23

Factors for Change in Operating Income

FY2015

* FY2014 do not include the effect of FY period change of overseas consolidated subsidiaries.



24

Consolidated Financial Data

FY2015

(Billions of yen)

	FY2014 (A)	FY2015 Forecast(B)	Increase/Decrease (B) - (A)
ROE	11.8%	12.1%	+0.3 point
Total Assets	255.6	277.0	+21.3
Stockholder's equity (stockholder's equity ratio)	(35.8%) 91.5	(38.3%) 106.0	+14.4
Interest-bearing debt (Net D/E ratio)	(X0.4) 64.1	(X0.4) 71.5	+7.3
Capacity investment	20.6	20.0	△0.6
Depreciation and amortization	11.7	13.0	+1.2
Number of employees	6,296	6,450	+154
Exchange rate (USD) (Euro)	103yen 139yen	117yen 132yen	14 yen depreciation against USD 7 yen appreciation against Euro

25

(Billions of yen)

	FY2014 Result	FY2015 Forecast	FY2016 Mid-term Plan
Net Sales	218.2	225.0	250.0
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
Number of employees	6,296	6,450
Exchange rate (\$/€)	103yen/139yen	117yen/132yen

26

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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.

27