

Business Results of FY2018

Jun. 23, 2019

NACHI 株式会社 不二越

Outline

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Business Forecast for FY2019	7 ~ 11
Management Strategy	12 ~ 16

Consolidated Financial Highlights

FY2018

(Billion yen)

	FY2017 (A)	FY2018 (B)	Increase/ Decrease (B) – (A)
Net sales	237.4	252.2	(+6.2%) +14.7
Operating Income	(6.8%) 16.1	(6.1%) 15.3	(–5.1%) –0.8
Ordinary Income	(6.2%) 14.6	(5.5%) 13.9	(–5.4%) –0.7
Net Income	9.7	8.9	(–8.2%) –0.8
Exchange rate (USD) (Euro) (RMB)	112 Yen 125 Yen 16.5 Yen	110 Yen 130 Yen 16.7 Yen	2 Yen appreciation 5 Yen depreciation 0.2 Yen depreciation
Cash Dividends	100 Yen *	100 Yen	–

*Cash dividends is calculated on the assumption that the consolidation was conducted at the beginning of the previous consolidated fiscal year.

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Consolidated Financial Data

FY2018

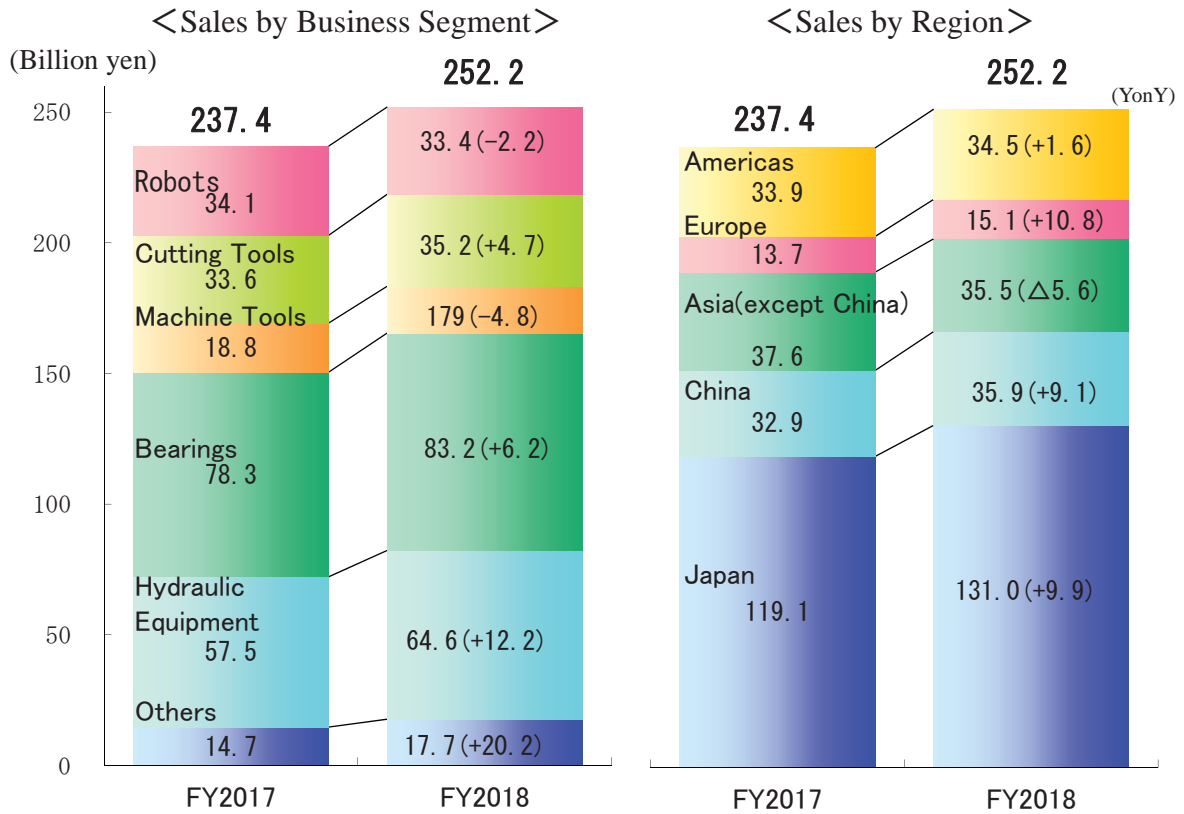
(Billion yen)

	FY2017 (A)	FY2018 (B)	Increase/ Decrease (B) – (A)
ROE	9.2%	7.9%	–1.3pt
Total Assets	299.1	297.2	–1.9
Stockholder's Equity (Stockholder's Equity Ratio)	(37.7%) 112.8	(38.5%) 114.5	+1.6
Interest-bearing Debt (Net D/E Ratio)	(×0.5) 83.4	(×0.5) 83.5	+0.1
Capacity Investment	18.7	15.9	–2.7
Depreciation and Amortization	14.8	15.9	+1.0
Number of Employees (people)	7,202	7,484	+282

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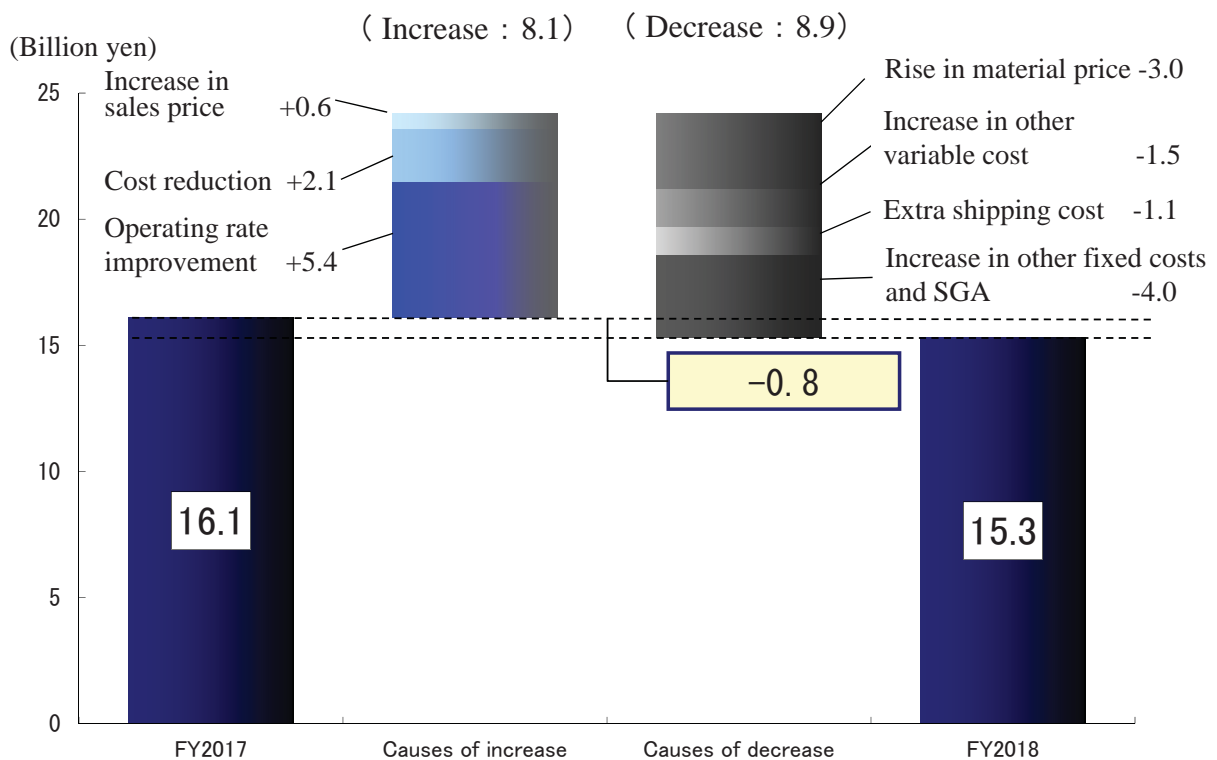
Sales by Business Segment and Region

FY2018



Causes of Changes in Operating Income

FY2018



Sales and Operating Income by Business Segment

FY2018

(Billion yen)

		FY2017 (A)		FY2018 (B)		Increase/ Decrease (B) – (A)	
Machinery & Tools	Cutting Tools	33.6		35.2		(+4.7%) +1.5	
	Machine Tools	18.8		17.9		(-4.8%) -0.9	
	Robots	34.1		33.4		(-2.2%) -0.7	
	Net Sales	86.7		86.6		(-0.1%) -0.0	
	Operating Income	(7.6%)	6.6	(6.7%)	5.7	(-12.8%)	-0.8
Components	Bearings	78.3		83.2		(+6.2%) +4.8	
	Hydraulic Equipment	57.5		64.6		(+12.2%) +7.0	
	Net Sales	135.9		147.8		(+8.7%) +11.8	
	Operating Income	(6.4%)	8.6	(5.5%)	8.1	(-5.6%)	-0.4
Others	Net Sales	14.7		17.7		(+20.2%) +2.9	
	Operating Income	(5.3%)	0.7	(7.6%)	1.3	(+72.4%)	+0.5
Total Net Sales		237.4		252.2		(+6.2%) +14.7	
Total Operating Income		(6.8%)	16.1	(6.1%)	15.3	(-5.1%)	-0.8

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Consolidated Financial Highlights (FY2019 Plan)

FY2019e

(Billion yen)

	FY2018 (A)		FY2019 Plan (B)		Increase/ Decrease (B) – (A)	
Net sales	252.2		260.0		(+3.1%) +7.7	
Operating Income	(6.1%)	15.3	(6.5%)	17.0	(+11.1%)	+1.6
Ordinary Income	(5.5%)	13.9	(6.0%)	15.5	(+11.5%)	+1.5
Net Income	8.9		10.5		(+17.4%) +1.5	
Exchange rate (USD)	110 Yen		108 Yen		2 Yen appreciation	
(Euro)	130 Yen		125 Yen		5 Yen appreciation	
(RMB)	16.7 Yen		16.0 Yen		0.7 Yen appreciation	
Cash Dividends	100 Yen		100 Yen		-	

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Consolidated Financial Data (FY2019 Plan)

FY2019e

(Billion yen)

	FY2018 (A)	FY2019 Plan (B)	Increase/ Decrease (B) – (A)
ROE	7.9%	8.9%	+1.0pt
Total Assets	297.2	303.0	+5.7
Stockholder's Equity (Stockholder's Equity Ratio)	(38.5%) 114.5	(40.4%) 122.5	+7.9
Interest-bearing Debt (Net D/E Ratio)	(×0.5) 83.5	(×0.5) 81.0	-2.5
Capacity Investment	15.9	Max 20.0	+4.0
Depreciation and Amortization	15.9	16.9	+1.0
Number of Employees (people)	7,484	7,650	+166

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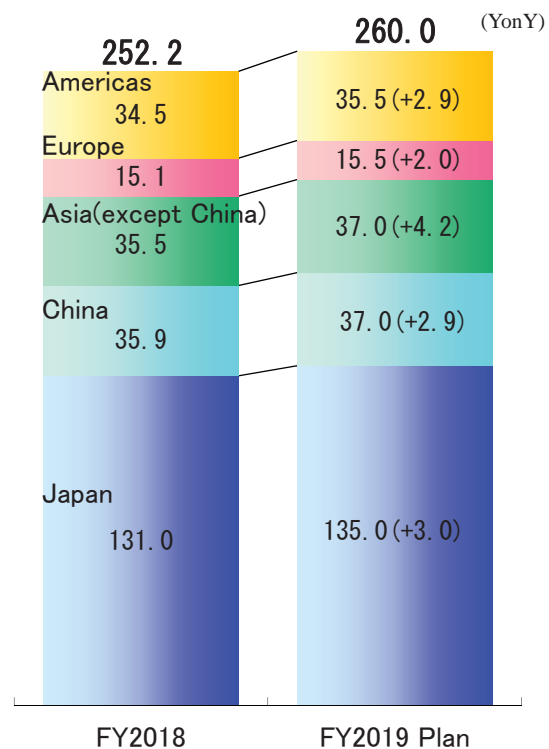
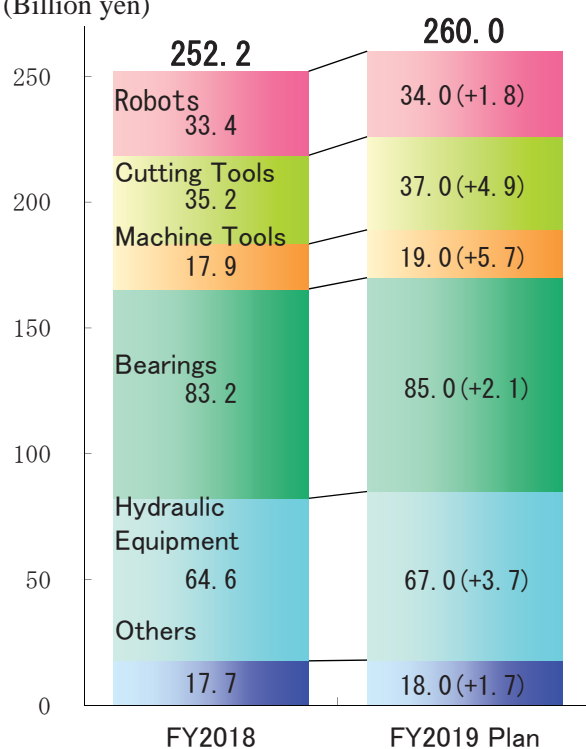
Sales by Business Segment and Region (FY2019 Plan)

FY2019e

<Sales by Business Segment>

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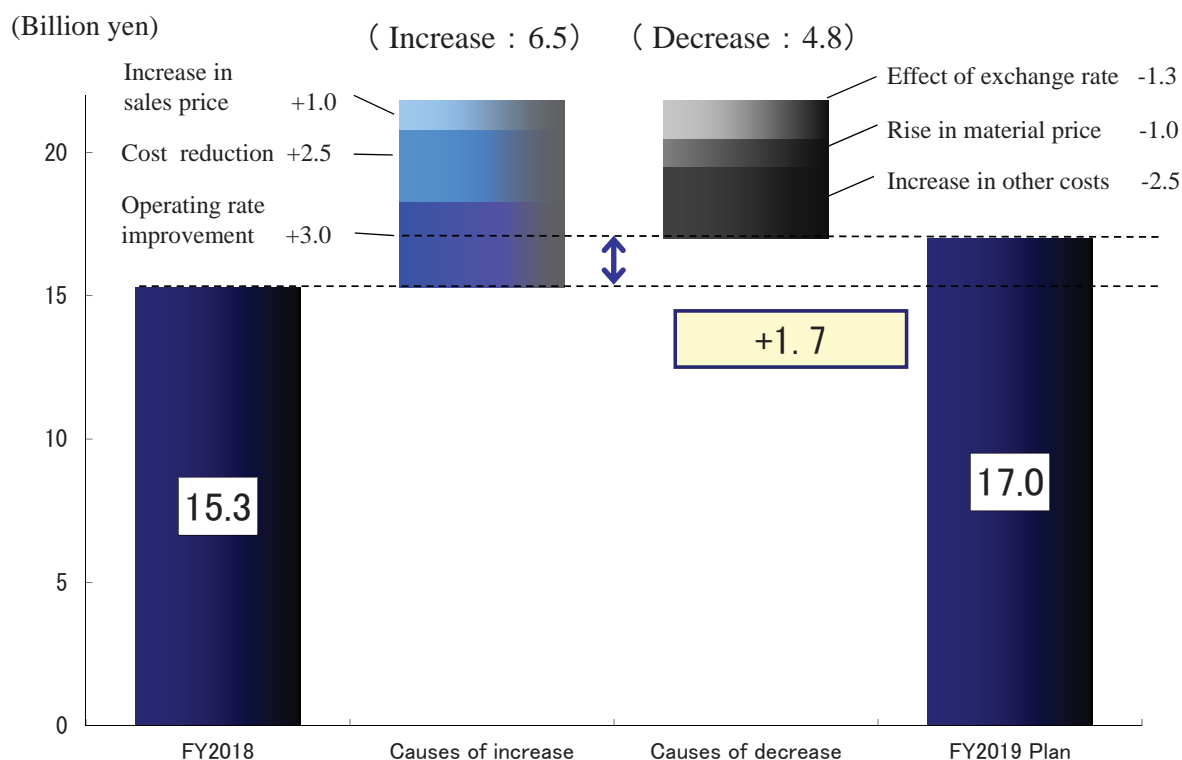
(Billion yen)



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Causes of Changes in Operating Income (FY2019 Plan)

FY2019e



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Sales and Operating Income by Business Segment (FY2019 Plan)

FY2019e

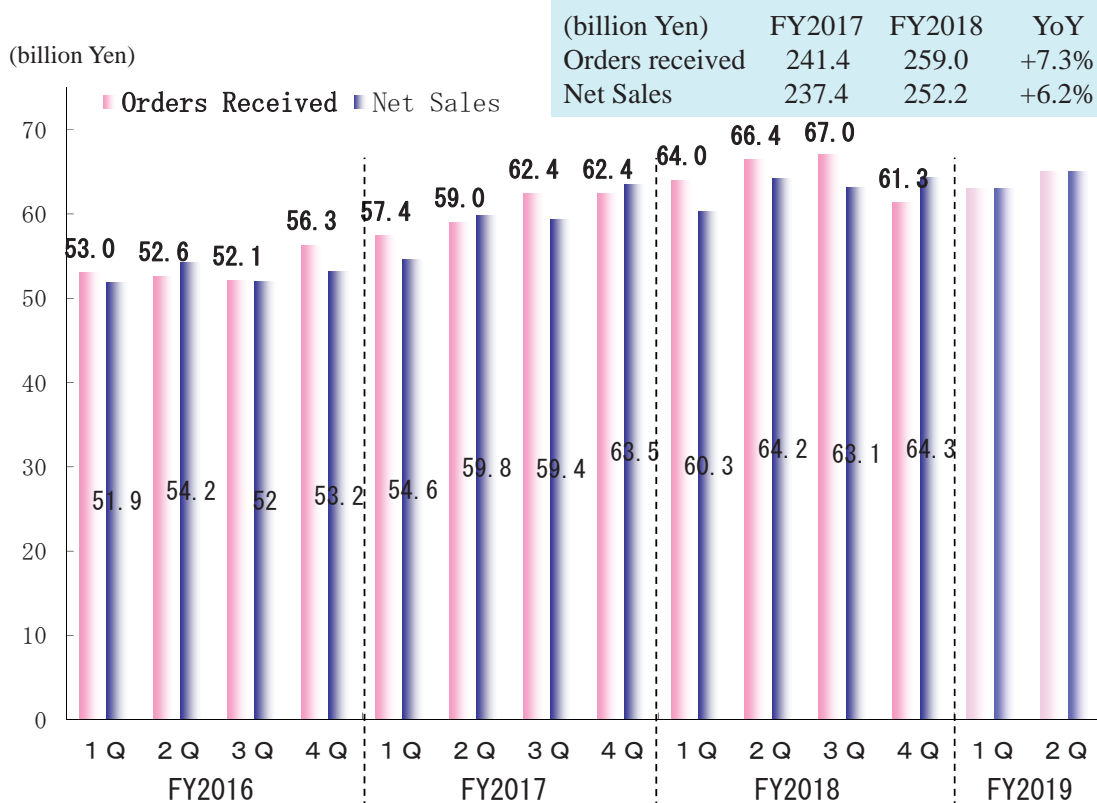
(Billion yen)

		FY2018 (A)	FY2019 Plan (B)	Increase/ Decrease (B) - (A)
Machinery & Tools	Cutting Tools	35.2	37.0	(+4.9%) +1.7
	Machine Tools	17.9	19.0	(+5.7%) +1.0
	Robots	33.4	34.0	(+1.8%) +0.5
	Net Sales	86.6	90.0	(+3.9%) +3.3
	Operating Income	(6.7%) 5.7	(7.2%) 6.5	(+12.4%) +0.7
Components	Bearings	83.2	85.0	(+2.1%) +1.7
	Hydraulic Equipment	64.6	67.0	(+3.7%) +2.3
	Net Sales	147.8	152.0	(+2.8%) +4.1
	Operating Income	(5.5%) 8.1	(5.9%) 9.0	(+10.4%) +0.8
Others	Net Sales	17.7	18.0	(+1.7%) +0.2
	Operating Income	(7.6%) 1.3	(8.3%) 1.5	(+11.2%) +0.1
Total Net Sales		252.2	260.0	(+3.1%) +7.7
Total Operating Income		(6.1%) 15.3	(6.5%) 17.0	(+11.1%) +1.6

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Transition of Orders Received

Management Strategy



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Main Strategy of FY2019

Management Strategy

Strengthening our structure of production

Promoting improvement of profitability by company-wide projects.

○Cost Improvement Project

- Reducing procurement cost through multiple sourcing.
- Analyzing cost and improving original units.
- Shifting the amount of increase in costs onto sales price.

○Rationalization Project

- Manufacturing products with machines and facilities to minimize the number of production staff.
- Establishing unmanned and flexible manpower lines.

○Management Improvement Project

- Revising our management structure to improve and systematize it.
- Making investments in rationalization and IT

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Expanding Strategic Products (Machinery & Tools)

Management Strategy

Cutting Tools

- Expansion of carbide drills, carbide endmills, and taps.
 - Expanding the product lineup for the AquaREVO series, made from newly developed carbide material.



AquaREVO Drills

Machine Tools

- Capturing demand for EV parts and small speed reducers.
 - Integrated skiving gear shaping system
- Expanding production capacity for carbon processing machines.



Integrated skiving gear shaping system

Robots

- Expanding lineup for collaborative robots and small-sized robots.
 - CZ and MZ series of robots
- Strengthening our proposal abilities for robotic systems.



MZO 1



Collaborative Robots

CZ10

Expanding Strategic Products (Components)

Management Strategy

Bearing

- Expanding product lineup for components for EVs and eco-friendly cars.
 - Bearings for electric units
- Expanding product lineup for industrial machinery.
 - Thin-walled, precision bearings



Bearings for electric units



Thin-walled bearings for speed reducers

Automotive Hydraulics

- Expanding product lineup for components for EVs and autonomous cars.
 - Electric actuators



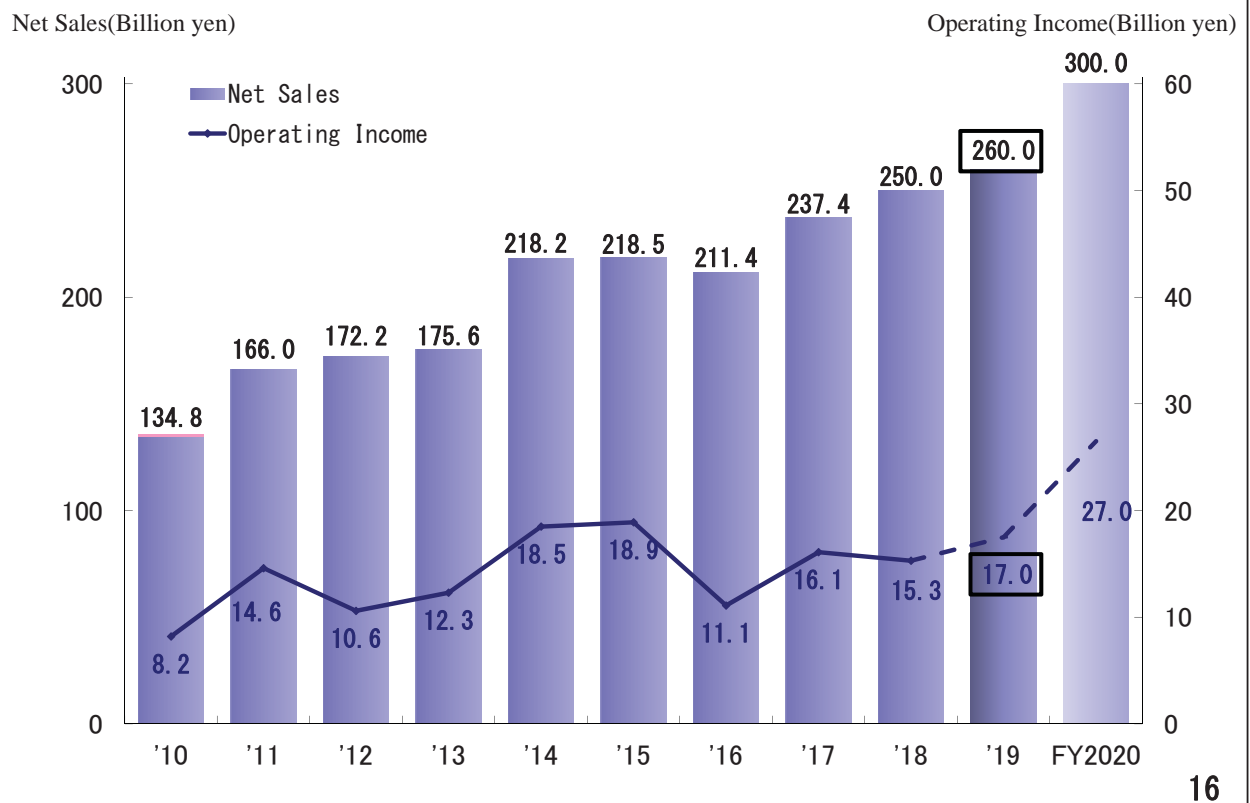
Electric actuator



High-pressure piston pump

Hydraulic Equipment

- Strengthening product lineup for construction machinery.
 - Hydraulic equipment for small-sized construction machinery
- Expanding product lineup for industrial machinery.
 - High-pressure and large-capacity pumps, preventive maintenance valves



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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.