

Financial Results Briefing for the Year Ending March 2018

Item	Speaker
(From the Secretariat)	Chairperson
1. Introduction	Hiroyuki Kado, Executive Vice President, CFO
2. Overview of Financial Results for the Year Ending 3/18 and Forecasted Results for the Year Ending 3/19	Osamu Ikejiri, Corporate Officer, Director of the Accounting Department
(Q&A)	



Introduction

Hiroyuki Kado
Executive Vice President
CFO

Results for the Year Ending 3/18



NHK SPRING CO.,LTD.

(100 million yen)

	Results for the year ending 3/17	Year ending 3/18					
		Results	Vs. previous year			Initial plan (As of 5/11/17)	Revised plan (As of 2/6/18)
			Vs. initial plan	Vs. revised plan			
Net sales	6,269	6,597	5.2%	3.4%	0.9%	6,380	6,540
Operating income operating profit ratio	406 6.5%	355 5.4%	△12.5%	△1.3%	1.5%	360 5.6%	350 5.4%
Ordinary income Ordinary income ratio	416 6.6%	364 5.5%	△12.5%	△1.6%	△1.6%	370 5.8%	370 5.7%
Profit attributable to owners of parent	250	204	△18.3%	△18.0%	△18.0%	250	250
EPS (Unit: Yen)	103.70	86.45	—	—	—	105.44	105.44
ROE	9.3%	7.2%	—	—	—	8.7%	—
Exchange rate at end of year (US \$) (Thai baht)	109.0 3.1	110.8 3.3	—	—	—	110.0 3.1	111.4 3.3

Plan for the Year Ending 3/19



NHK SPRING CO.,LTD.

(100 million yen)

Vs. previous year

Results for the year
ending 3/18

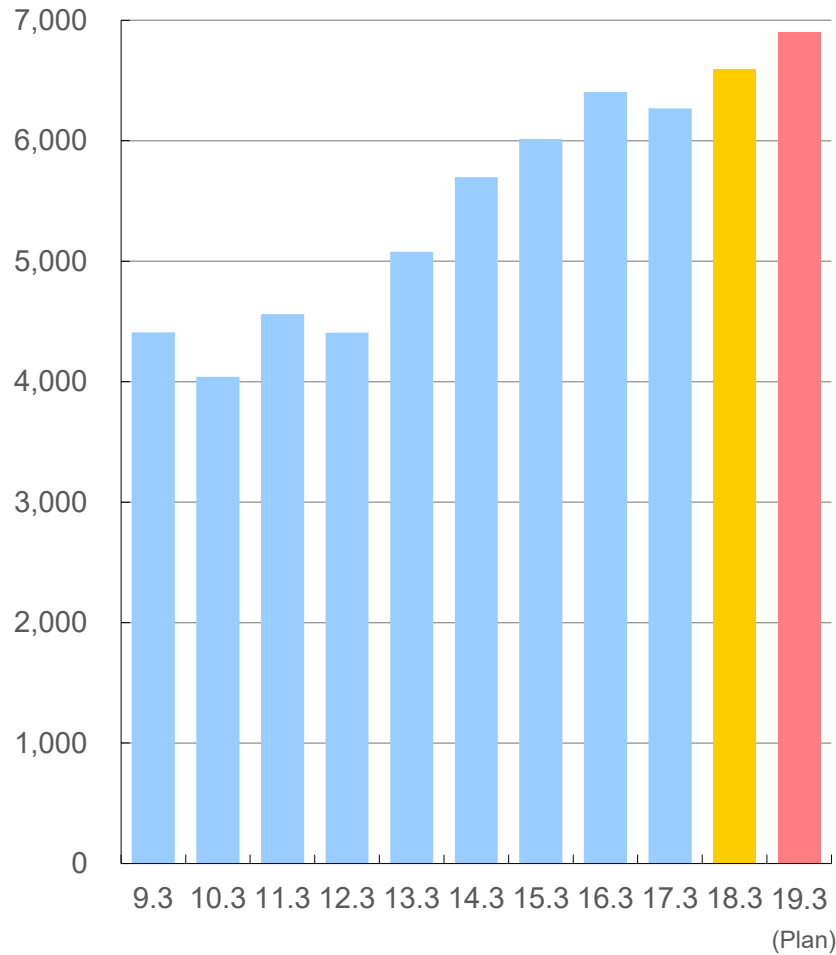
Plan for the year
ending 3/19

	Results for the year ending 3/18	Plan for the year ending 3/19	Vs. previous year
Net sales	6,597	6,900	4.6%
Operating income operating profit ratio	355 5.4%	300 4.3%	△ 15.6%
Ordinary income Ordinary income ratio	364 5.5%	320 4.6%	△ 12.1%
Profit attributable to owners of parent	204	220	7.3%
EPS (Unit: Yen)	86.45	92.79	—
ROE	7.2%	7.3%	—
Exchange rate at end of year (US \$)	110.8	110.0	—
(Thai baht)	3.3	3.4	—

Result Trends

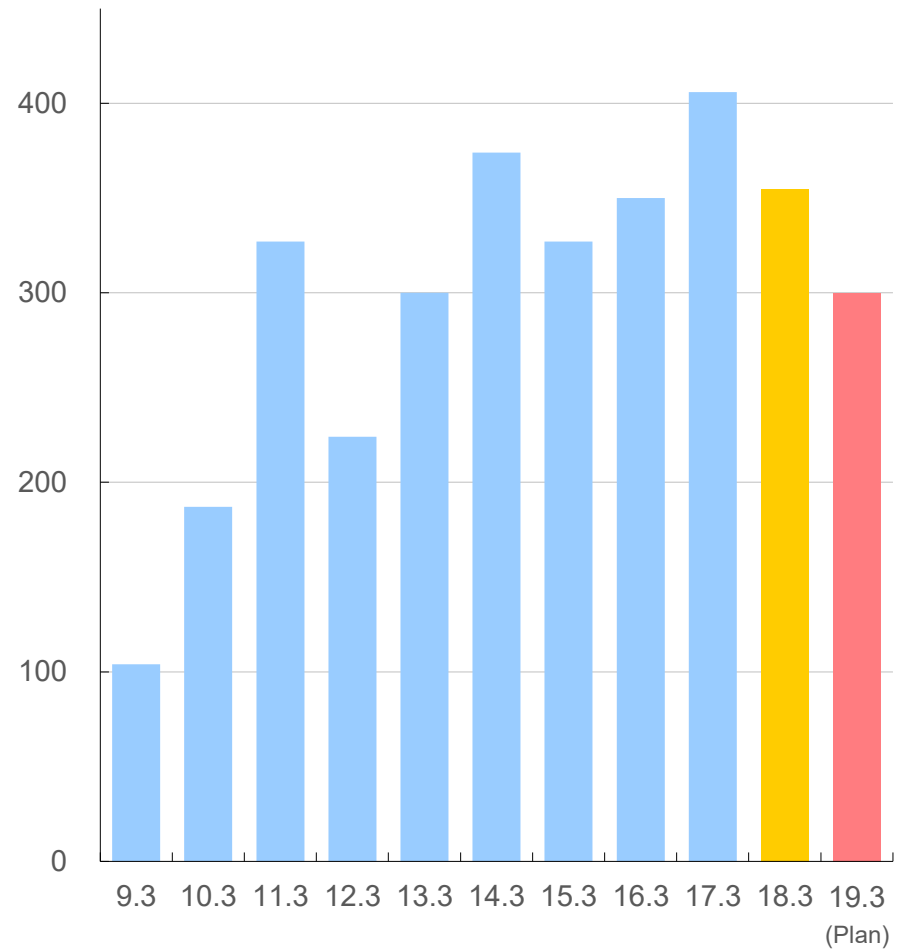
Net sales

(100 million yen)



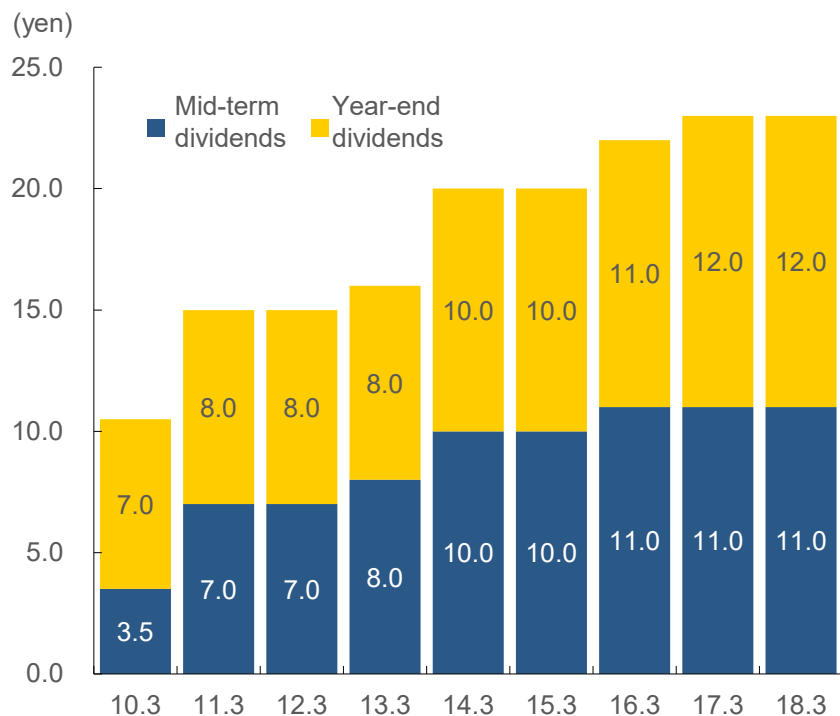
Operating income

(100 million yen)

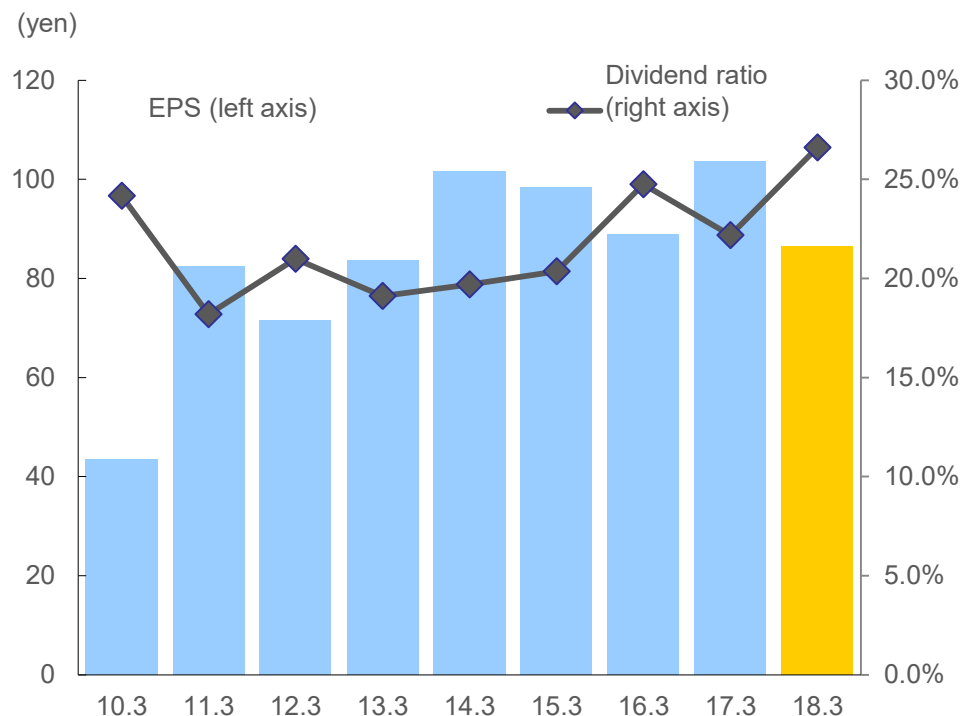


Dividends

Dividend per share (DPS)



Earnings per share (EPS)



	End of Q2	Year end	Total	Dividend ratio
Results for the year ending 3/18	11.0 yen	12.0 yen	23.0 yen	26.6%
Forecast for the year ending 3/19	12.0 yen	—	—	—

▽ The dividends for the end of the year ending 3/19 are pending.

Overview of the Financial Results
for the Year Ending 3/18
Forecasted Results for the
Year Ending 3/19

Osamu Ikejiri, Corporate Officer,
Director of the Accounting
Department

Overview of the Financial Results for the Year Ending 3/18

Results for the Year Ending 3/18 (1)

Overview of Financial Results



NHK SPRING CO.,LTD.

(100 million yen)

	Results for the year ending 3/17	Year ending 3/18					
		Results	Vs. previous year	Vs. initial plan	Vs. revised plan	Initial plan (As of 5/11/17)	Revised plan (As of 2/6/18)
Net sales	6,269	6,597	5.2%	3.4%	0.9%	6,380	6,540
Operating income	406	355	△12.5%	△1.3%	1.5%	360	350
Ordinary income (Of which, that from foreign exchange profits/losses)	416 (△9)	364 (△19)	△12.5%	△1.6%	△1.6%	370 (△7)	370 (△7)
Profit attributable to owners of parent (Of which, that from extraordinary profits/losses)	250 (△39)	204 (△37)	△18.3%	△18.0%	△18.0%	250 (△6)	250 (17)
Average exchange rate (US \$) (Thai baht)	109.0 3.1	110.8 3.3	— —	— —	— —	110.0 3.1	111.4 3.3
Exchange rate at end of year (US \$) (Thai baht)	112.2 3.2	106.2 3.5	— —	— —	— —	110.0 3.1	110.0 3.5

Results for the Year Ending 3/18 (2)

Effects from Market Conditions / Foreign Exchange, etc.



NHK SPRING CO.,LTD.

(100 million yen)

	Results for the year ending 3/17	Results for the year ending 3/18	Increase / decrease
Net sales	6,269	6,597	327
Operating income	406	355	△50
Ordinary income	416	364	△52
Profit attributable to owners of parent	250	204	△46
E P S (Unit: yen)	103.70	86.45	—
Exchange rate (US\$)	109.0	110.8	—
(Thai baht)	3.1	3.3	—

▽ Effect from market conditions in the year ending 3/18 : Net sales of 3.8 billion yen

▽ Effect from foreign exchange in the year ending 3/18 : Net sales of 8.6 billion yen

Results for the Year Ending 3/18 (3)

Extraordinary Profits / Losses (Main Breakdown)

(100 million yen)

Item		Details	Amount
Extraordinary profits	Gain on sales of investment securities	Sales of cross-held stocks	23
	Total		23
Extraordinary losses	Impairment losses	Impairment losses from production equipment at domestic subsidiaries, etc.	7
		Impairment losses from production equipment at overseas subsidiaries	31
	Losses from valuation of stocks of affiliates	Losses from valuation of stocks of overseas subsidiaries	8
	Loss of antitrust law	Charges and attorney fees resulting from research / compliance pertaining to the Antimonopoly Act	13
	Total		61

Results for the Year Ending 3/18 (4)

Net Sales / Operating Income by Segment



NHK SPRING CO.,LTD.

- ◆ For Automotive-related segments, sales have grown globally, but the reduced volume and worsening composition in North America and other regions has led to reduced profits versus the previous year
- ◆ Precision springs & components have performed favorably on the whole, resulting in an increase in both income and profits versus the previous year and the initial plan
- ◆ For industrial machinery & others, sales grew for semiconductor-related parts and other areas performed favorably as well

(100 million yen)

		Results for the year ending 3/17	Results for the year ending 3/18	Initial plan for the year ending 3/18 (As of 5/11/17)	Vs. previous year	Vs. initial plan
Automotive suspension springs	Net sales	1,195	1,242	1,210	4.0%	2.7%
	Operating income	115	96	93	△16.5%	3.5%
	Ratio	9.6%	7.7%	7.7%	—	—
Automotive seating	Net sales	2,859	2,957	2,890	3.4%	2.3%
	Operating income	139	94	134	△32.4%	△29.4%
	Ratio	4.9%	3.2%	4.6%	—	—
Precision springs & components	Net sales	1,390	1,478	1,410	6.3%	4.9%
	Operating income	96	108	84	13.0%	29.2%
	Ratio	6.9%	7.3%	6.0%	—	—
Industrial machinery & others	Net sales	823	918	870	11.5%	5.6%
	Operating income	54	56	49	2.0%	14.3%
	Ratio	6.7%	6.1%	5.6%	—	—
Total	Net sales	6,269	6,597	6,380	5.2%	3.4%
	Operating income	406	355	360	△12.5%	△1.3%
	Ratio	6.5%	5.4%	5.6%	—	—

Results for the Year Ending 3/18 (5)

Net Sales / Operating Income by Region



NHK SPRING CO.,LTD.

- ◆ Japan: While performance with the orders received has been strong for each business, the changes to the model composition for the seating business has depressed operating income
- ◆ Asia: Thailand performed well, and China's performance was also favorable
- ◆ North America & Others: The drop in volume for models ordered and variance in the composition led to a fall in profits both versus the previous year and the initial plan

(100 million yen)

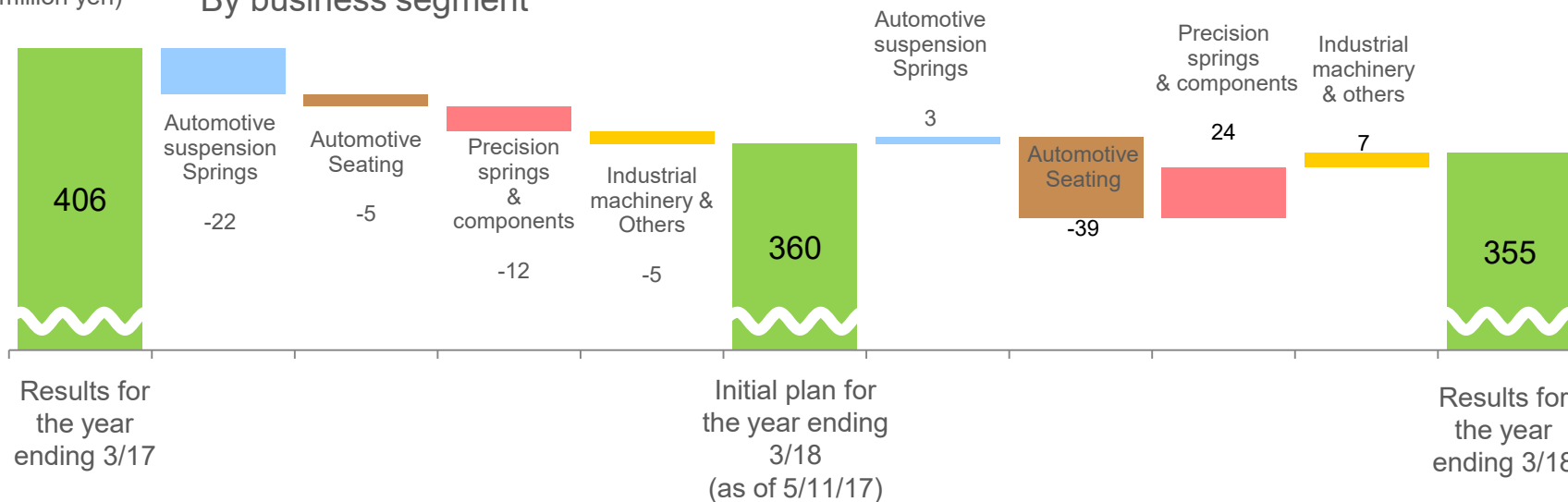
		Results for the year ending 3/17	Results for the year ending 3/18	Initial plan for the year ending 3/18 (As of 5/11/17)	Vs. previous year	Vs. initial plan
Japan	Net sales	3,809	4,023	3,836	5.6%	4.9%
	Operating income	262	247	202	△5.5%	22.5%
	Ratio	6.9%	6.2%	5.3%	—	—
Asia	Net sales	1,407	1,561	1,431	10.9%	9.1%
	Operating income	114	124	133	8.4%	△6.5%
	Ratio	8.1%	8.0%	9.3%	—	—
North America & Others	Net sales	1,052	1,012	1,113	△3.8%	△9.0%
	Operating income	29	△16	25	—	—
	Ratio	2.8%	△1.6%	2.2%	—	—
Total	Net sales	6,269	6,597	6,380	5.2%	3.4%
	Operating income	406	355	360	△12.5%	△1.3%
	Ratio	6.5%	5.4%	5.6%	—	—

Results for the Year Ending 3/18 (6)

Variable Factor Analysis for Operating Income

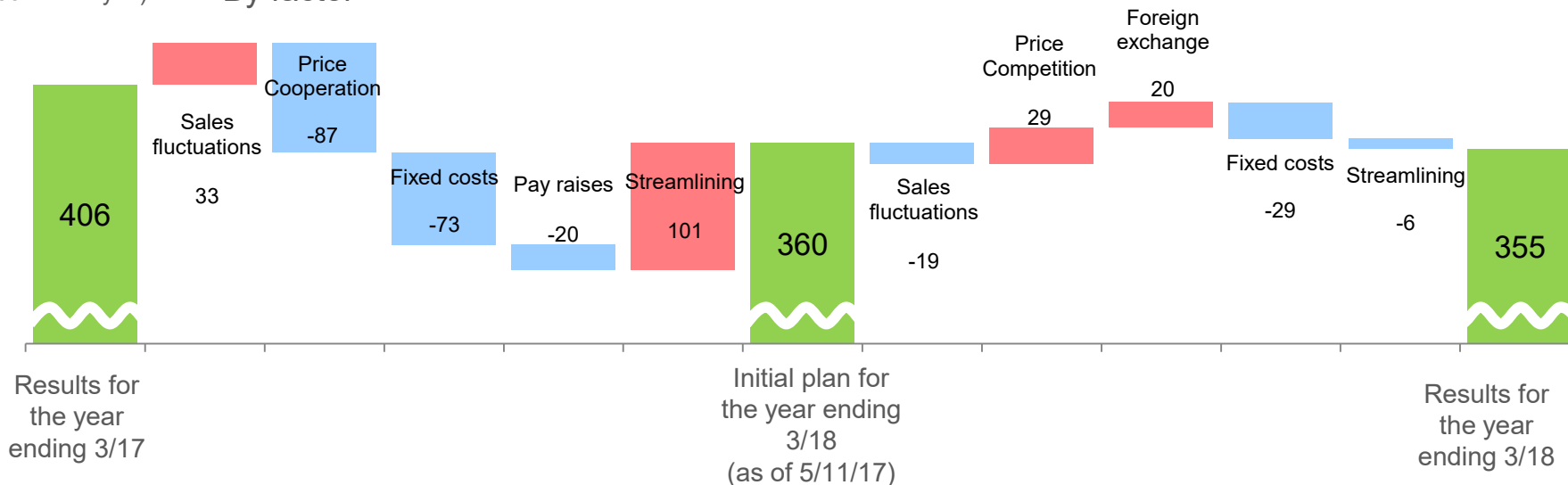
(100 million yen)

By business segment



(100 million yen)

By factor

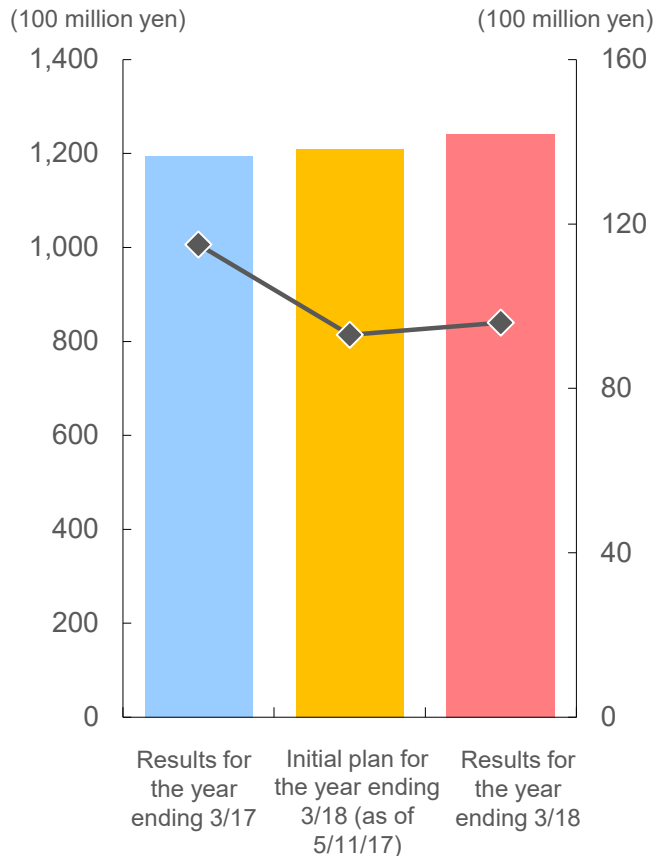


Results for the Year Ending 3/18 (7)

Segment-specific Analysis (1) Automotive Suspension Springs

Net sales(left axis) ◆— Operating income (right axis)

(100 million yen)



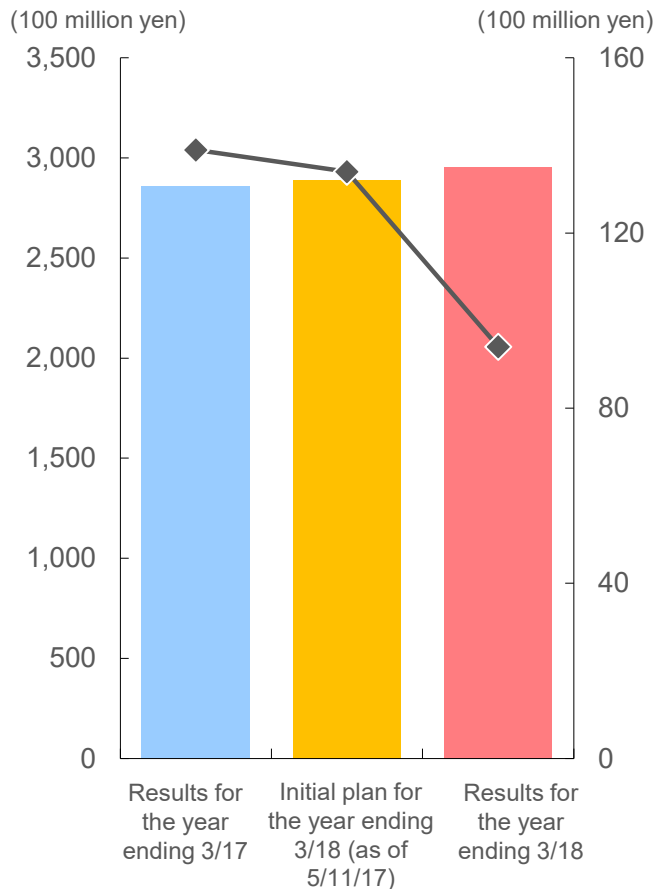
	Results for the year ending 3/17	Year ending 3/18		Vs. previous year	Vs. initial plan
		Results	Initial plan (As of 5/11/17)		
Net sales	1,195	1,242	1,210	4.0%	2.7%
Operating income	115	96	93	△16.5%	3.5%
Operating profit ratio	9.6%	7.7%	7.7%	—	—

- ▽ Versus the previous year 's performance: Thailand and China both performed well but the downturn in Japan and North America led to increased income but reduced profits
- ▽ Versus the initial plan: While there was some fluctuation by region, the results ended up surpassing the initial plan

Results for the Year Ending 3/18 (8)

Segment-specific Analysis (2) Automotive seating

Net sales(left axis) —◆— Operating income (right axis)



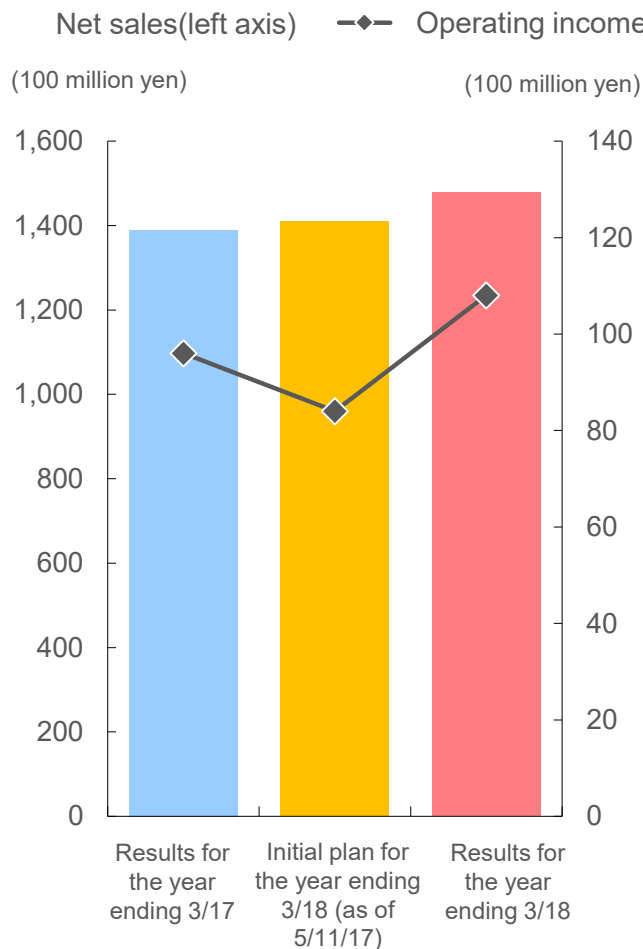
(100 million yen)

	Results for the year ending 3/17	Year ending 3/18		Vs. previous year	Vs. initial plan
		Results	Initial plan (As of 5/11/17)		
Net sales	2,859	2,957	2,890	3.4%	2.3%
Operating income	139	94	134	△32.4%	△29.4%
Operating profit ratio	4.9%	3.2%	4.6%	—	—

- ▽ Versus the previous year's results: Sales grew globally, but changes in the composition of models ordered and an increase in fixed costs led to increased income but reduced profits
- ▽ Versus the initial plan: Income increased but profits fell, mainly due to the changes in the composition of models ordered

Results for the Year Ending 3/18 (9)

Segment-specific Analysis (3) Precision Springs & Components



(100 million yen)

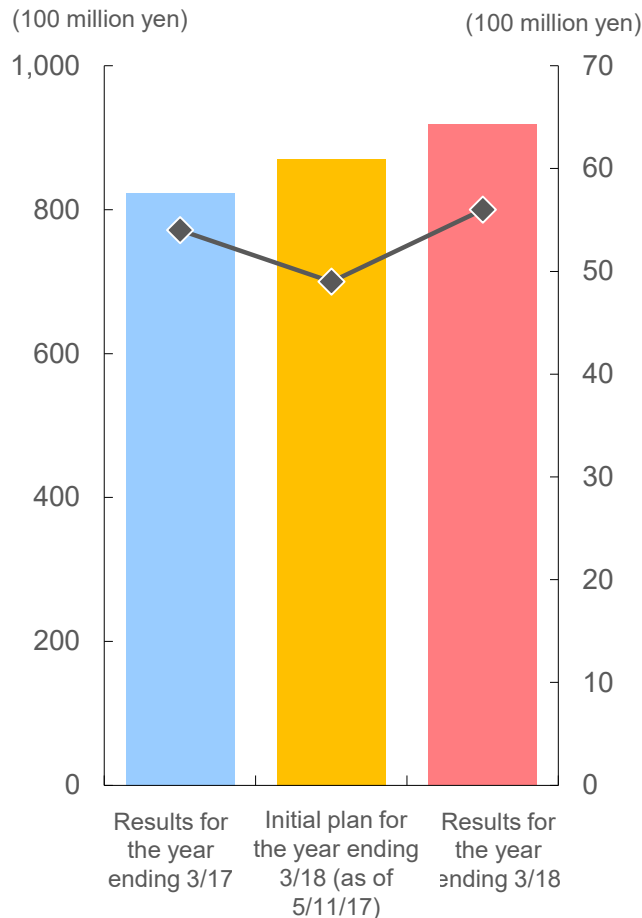
	Results for the year ending 3/17	Year ending 3/18		Vs. previous year	Vs. initial plan
		Results	Initial plan (As of 5/11/17)		
Net sales	1,390	1,478	1,410	6.3%	4.9%
Operating income	96	108	84	13.0%	29.2%
Operating profit ratio	6.9%	7.3%	6.0%	—	—

- ▽ Versus the previous year's results: Automotive-related segments showed strong performance in Japan and China, while HDD-related segments performed well in Japan
- ▽ Versus the initial plan: Automotive-related segments showed strong performance and HDD-related segments saw increased volume, leading to favorable performance

Results for the Year Ending 3/18 (10)

Segment-specific Analysis (4) Industrial Machinery & Others

Net sales(left axis) —◆— Operating income (right axis)



(100 million yen)

	Results for the year ending 3/17	Year ending 3/18		Vs. previous year	Vs. initial plan
		Results	Initial plan (As of 5/11/17)		
Net sales	823	918	870	11.5%	5.6%
Operating income	54	56	49	2.0%	14.3%
Operating profit ratio	6.7%	6.1%	5.6%	—	—

- ▽ Versus the previous year's results: Business areas such as semi-conductor related parts, golf club shaft business, service business, and others all showed strong performance
- ▽ Versus the initial plan: Various business areas exceeded the initial plan, centered mainly on semiconductor-related parts

Results for the Year Ending 3/18 (11)

Assets



NHK SPRING CO.,LTD.

(100 million yen)

	Results for the year ending 3/14	Results for the year ending 3/15	Results for the year ending 3/16	Results for the year ending 3/17	Results for the year ending 3/18	Increase / decrease
Total assets	4,649	5,298	5,098	5,417	5,725	308
Shareholders' equity	2,182	2,626	2,572	2,796	2,928	131
Shareholders' equity to total assets ratio	46.9%	49.6%	50.5%	51.6%	51.1%	—
Cash and deposits	622	837	725	825	952	126
Interest-bearing debt	610	645	573	533	532	△1
Net cash	12	191	152	291	419	127

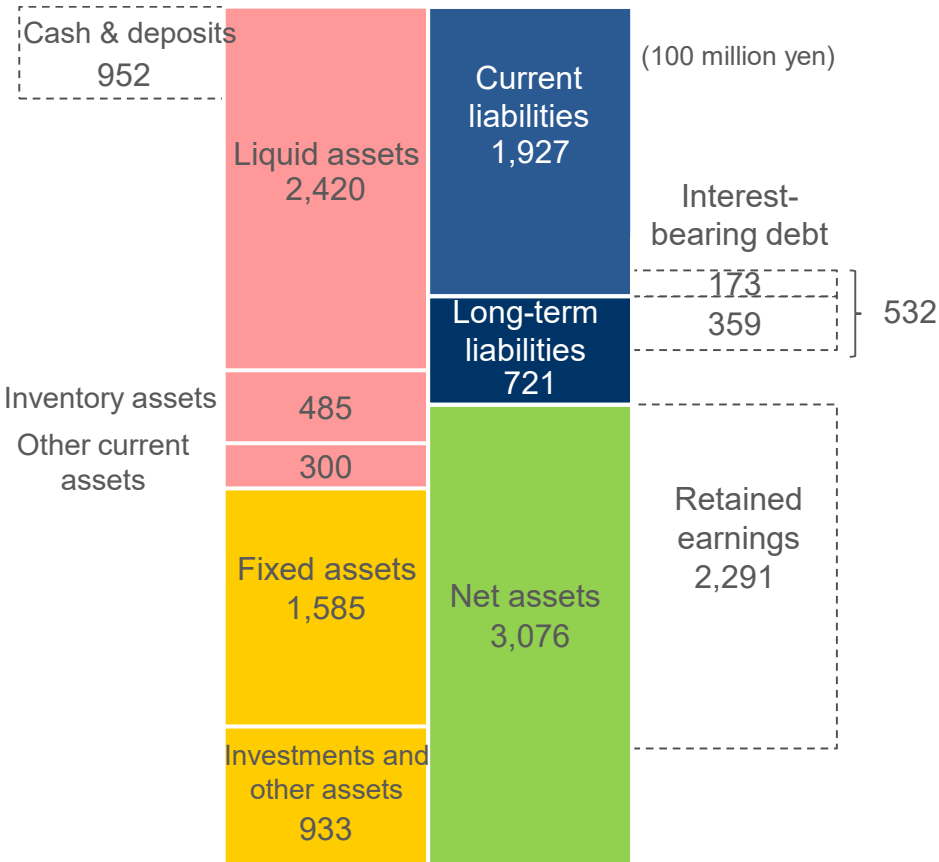
Results for the Year Ending 3/18 (12)

BS Status

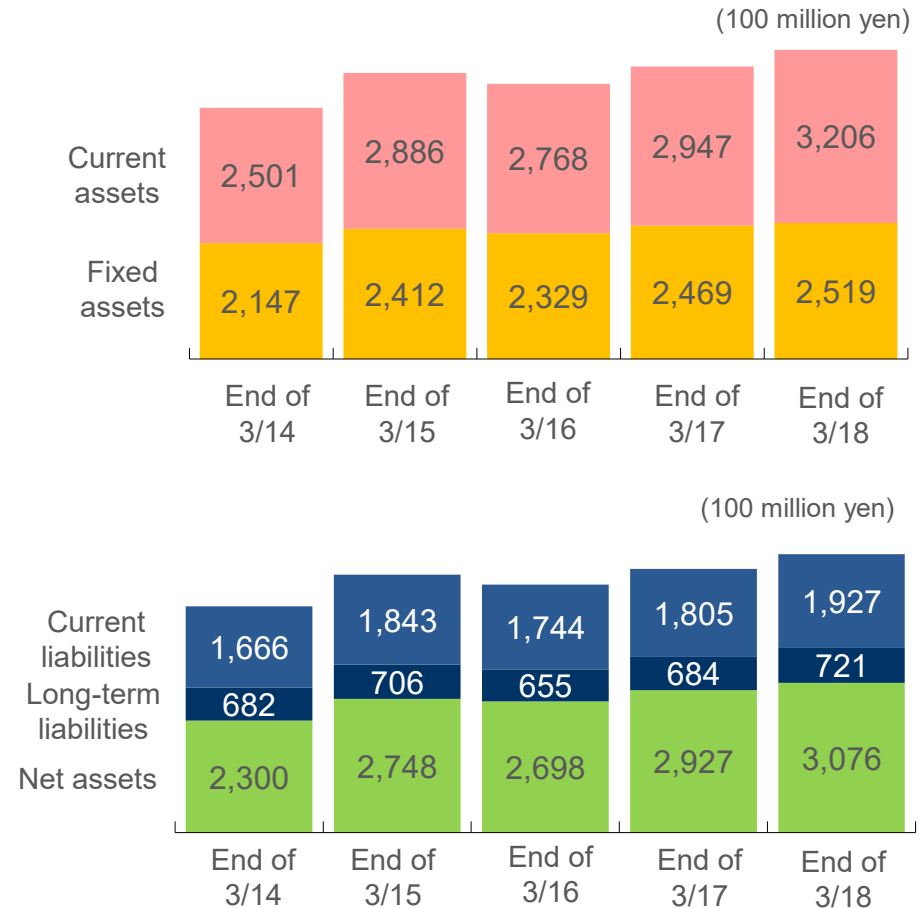


NHK SPRING CO.,LTD.

Balance / Sheet



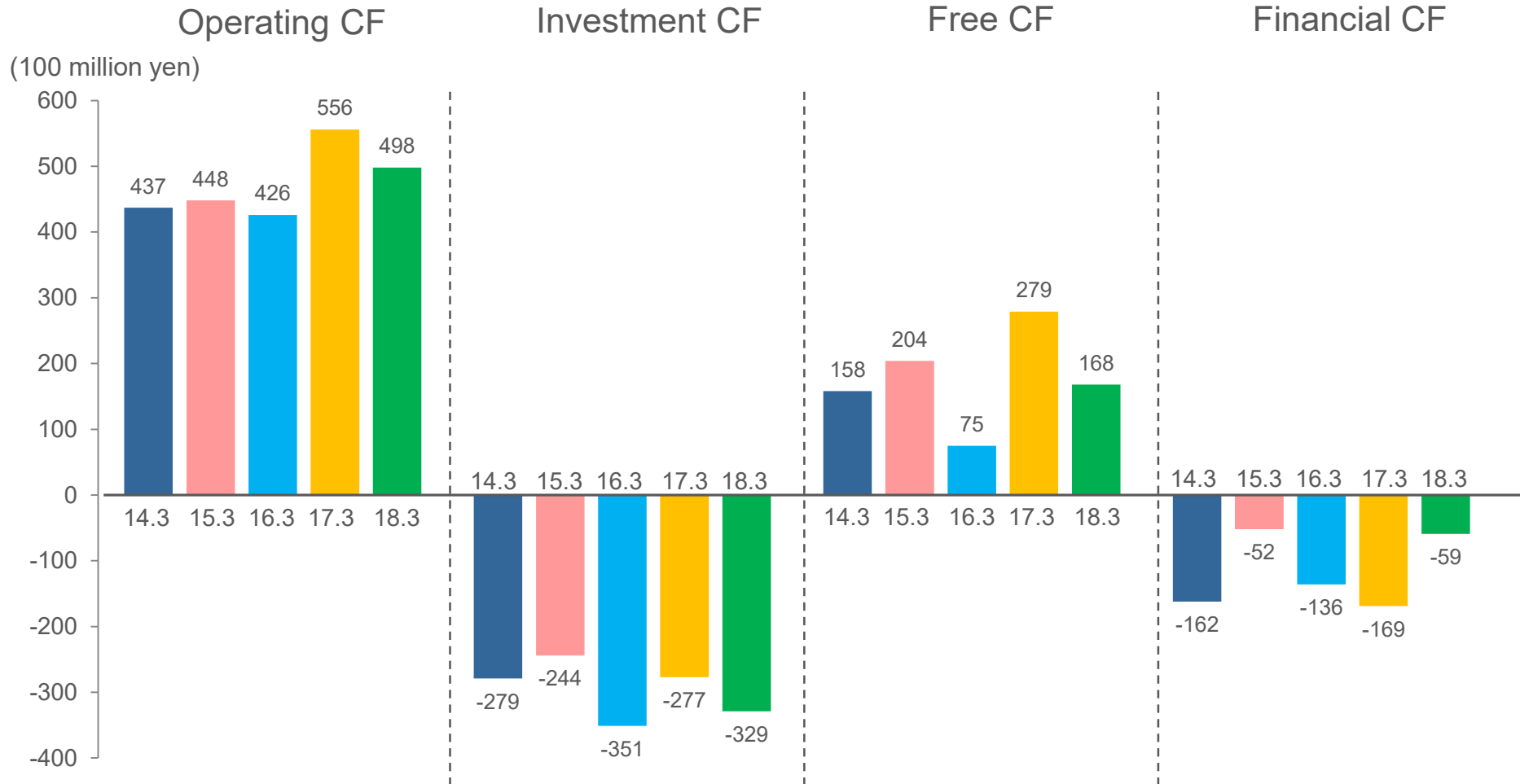
Balance / Sheet trends



- ▽Assets : These increased 30.8 billion yen compared with the end of the previous year due to factors like the rise in cash, deposits, and tangible fixed assets
- ▽Liabilities : These increased 15.9 billion yen compared with the end of the previous year due to the increase in notes and accounts payable, long-term borrowing, and so forth
- ▽Net assets : These increased 14.8 billion yen compared with the end of the previous year due to the rise in retained earnings on account of the profit attributable to owners of parent.

Results for the Year Ending 3/18 (13)

CF Status



Forecasted Results for the Year Ending 3/19

Forecasted Results for the Year Ending 3/19 (1)

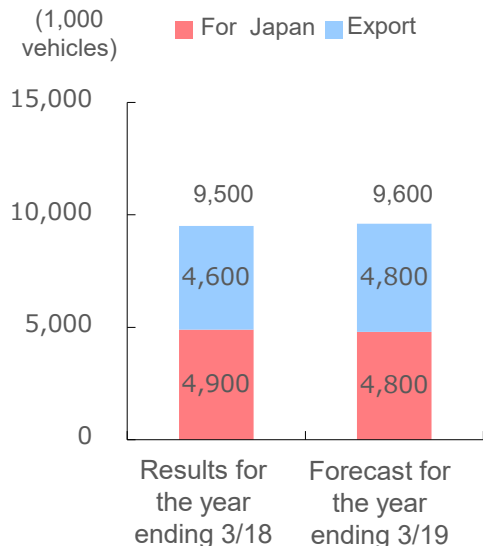
Preconditions for Results Forecasts

(Number of Automobiles Produced, Number of HDD Units)

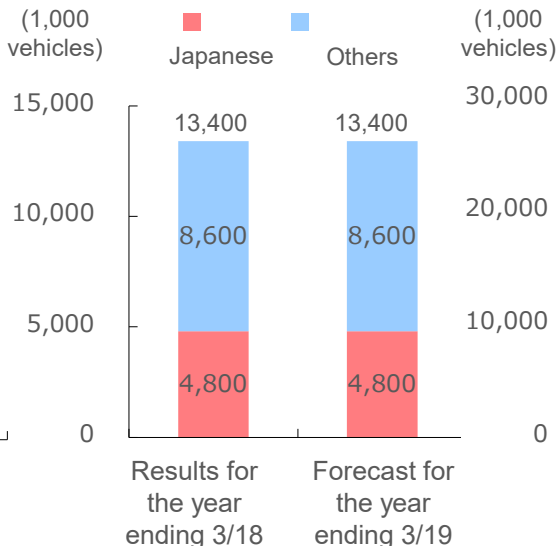


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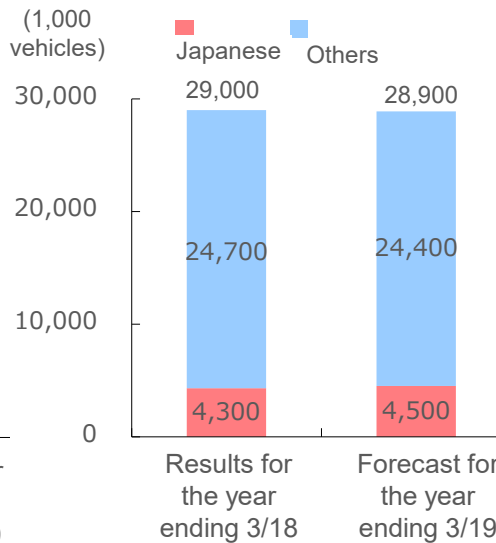
Japan



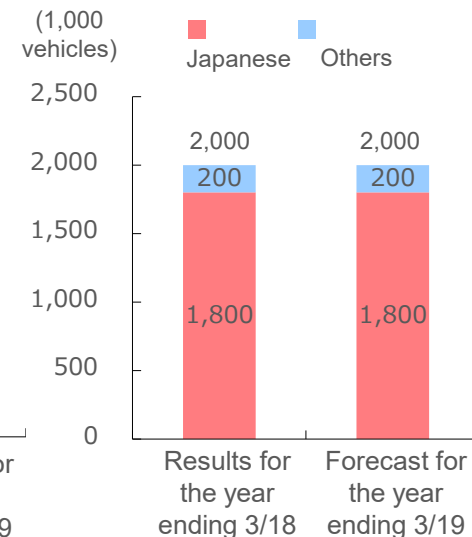
North America



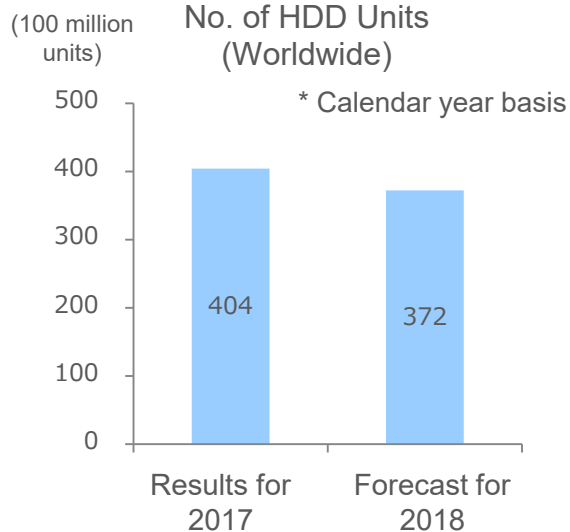
China



Thailand



No. of HDD Units (Worldwide)



- ▽ The number of automobiles produced is expected to rise by around 1.2% worldwide.
- ▽ The Japanese economy is expected to remain stable due to both domestic and foreign demand, with the outlook being that the number of automobiles produced will rise by 1.3%.
- ▽ While the trend with China will be towards a slowdown, moderate recoveries are anticipated for India and Thailand.

Forecasted Results for the Year Ending 3/19 (2)

Full-year Plan for the Year Ending March 2019

(100 million yen)

	Results for the year ending 3/18	Plan for the year ending 3/19	YoY
Net sales	6,597	6,900	4.6%
Operating income	355	300	△15.6%
Ordinary income	364	320	△12.1%
Profit attributable to owners of parent	204	220	7.3%
EPS (Unit: yen)	86.45	92.79	—
ROE	7.2%	7.3%	—
Exchange rate (US\$)	110.8	110.0	—
(Thai baht)	3.3	3.4	—

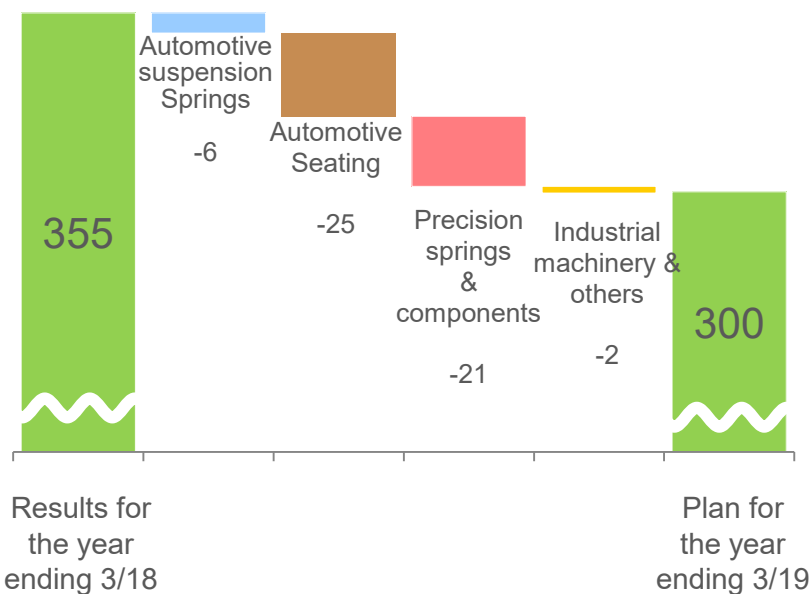
Forecasted Results for the Year Ending 3/19 (3)

Variable Factor Analysis for Operating Income

- ◆ Profits are expected to decline due to the impact from the model composition, increase in fixed costs, and other factors.
- ◆ Given the continued efforts to enhance competitiveness, perform R&D for acquiring new orders, and capital investments, efforts will be made to curtail cost prices and cut fixed costs by thoroughly cutting costs.

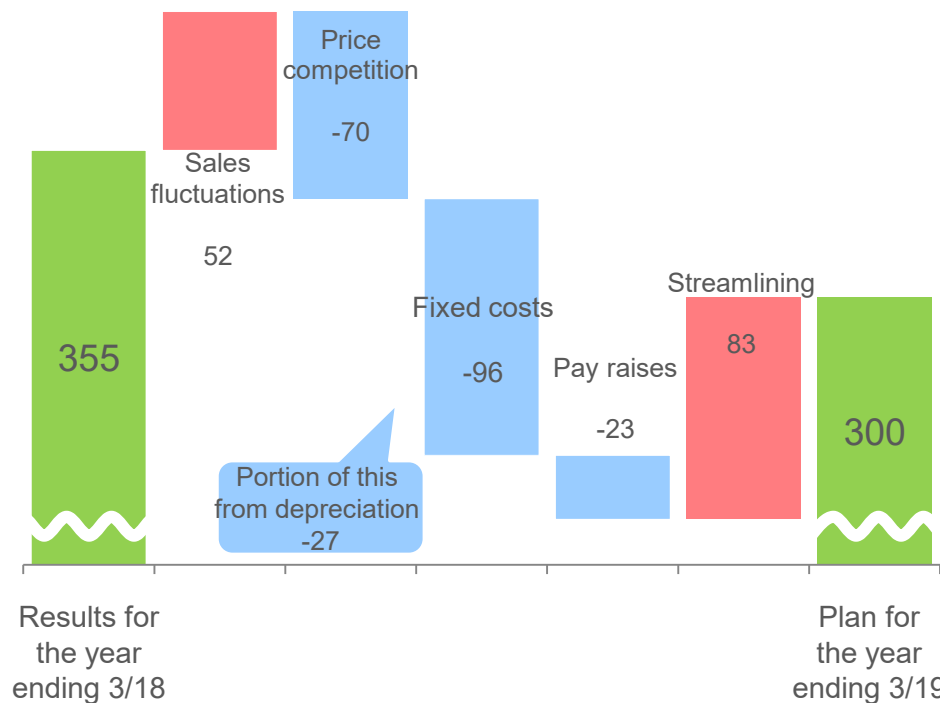
By business segment

(100 million yen)



By factor

(100 million yen)



Forecasted Results for the Year Ending 3/19 (4)

Net Sales / Operating Income by Segment

- ◆ While the expectation is that income will improve for the North American businesses, the outlook is that income will rise while profits fall for each segment.

(100 million yen)

		Results for the year ending 3/18	Plan for the year ending 3/19	Vs. previous year
Automotive suspension springs	Net sales	1,242	1,305	5.0%
	Operating income	96	90	△6.5%
	Ratio	7.7%	6.9%	—
Automotive seating	Net sales	2,957	3,082	4.2%
	Operating income	94	69	△27.0%
	Ratio	3.2%	2.2%	—
Precision springs & components	Net sales	1,478	1,554	5.1%
	Operating income	108	87	△19.9%
	Ratio	7.3%	5.6%	—
Industrial machinery & others	Net sales	918	959	4.4%
	Operating income	56	54	△3.6%
	Ratio	6.1%	5.6%	—
Total	Net sales	6,597	6,900	4.6%
	Operating income	355	300	△15.6%
	Ratio	5.4%	4.3%	—

Forecasted Results for the Year Ending 3/19 (5)

Net Sales / Operating Income by Region



NHK SPRING CO.,LTD.

- ◆ Japan: The expectation is that income will rise while profits will fall due to composition variance and the increase in fixed costs
- ◆ Asia: While a downturn is forecasted for China, Thailand is expected to perform favorably
- ◆ North America & others: Income is expected to improve centered mainly on the seating business

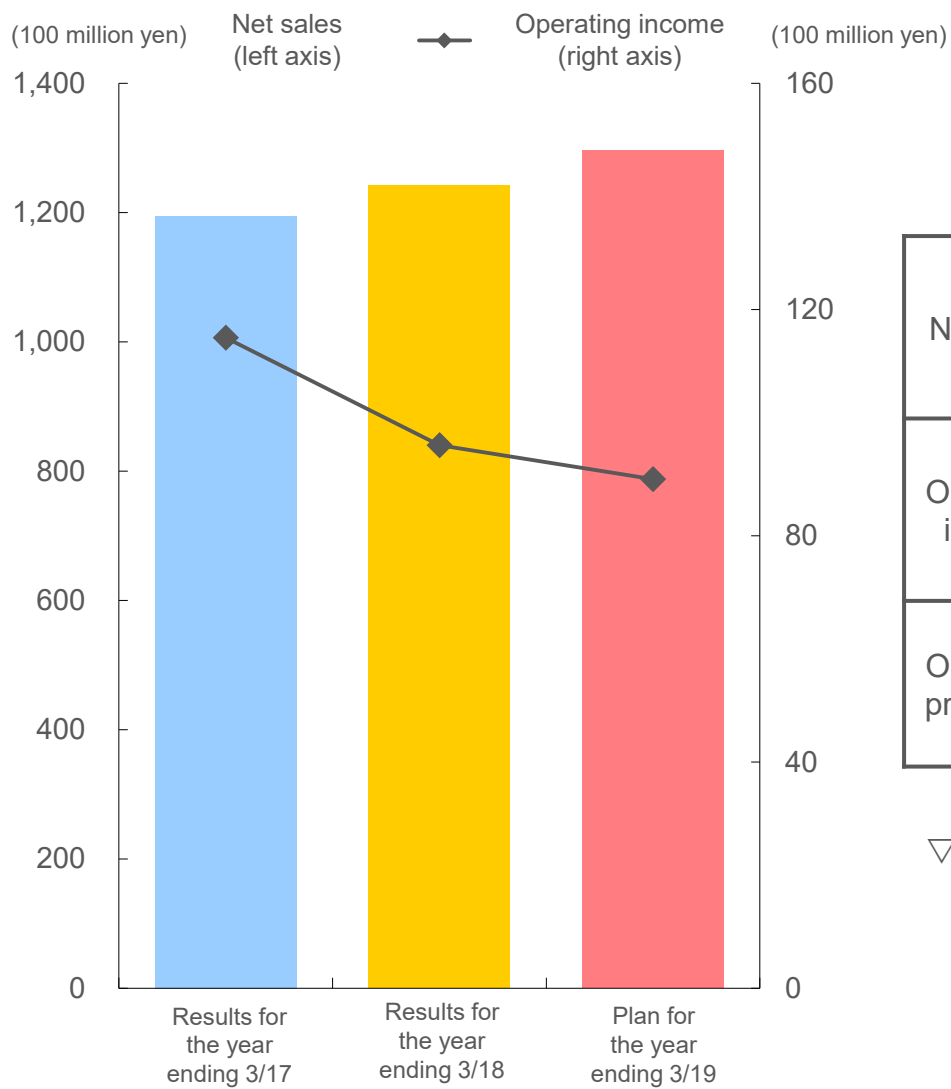
(100 million yen)

		Results for the year ending 3/18	Plan for the year ending 3/19	Vs. previous year
Japan	Net sales	4,023	4,139	2.9%
	Operating income	247	163	△34.1%
	Ratio	6.2%	3.9%	—
Asia	Net sales	1,561	1,645	5.4%
	Operating income	124	127	2.2%
	Ratio	8.0%	7.7%	—
North America & Others	Net sales	1,012	1,116	10.2%
	Operating income	△16	10	—
	Ratio	△1.6%	0.9%	—
Total	Net sales	6,597	6,900	4.6%
	Operating income	355	300	△15.6%
	Ratio	5.4%	4.3%	—

Forecasted Results for the Year Ending 3/19 (6): Segment (1) Automotive Suspension Springs



Outlook for net sales / operating income



(100 million yen)

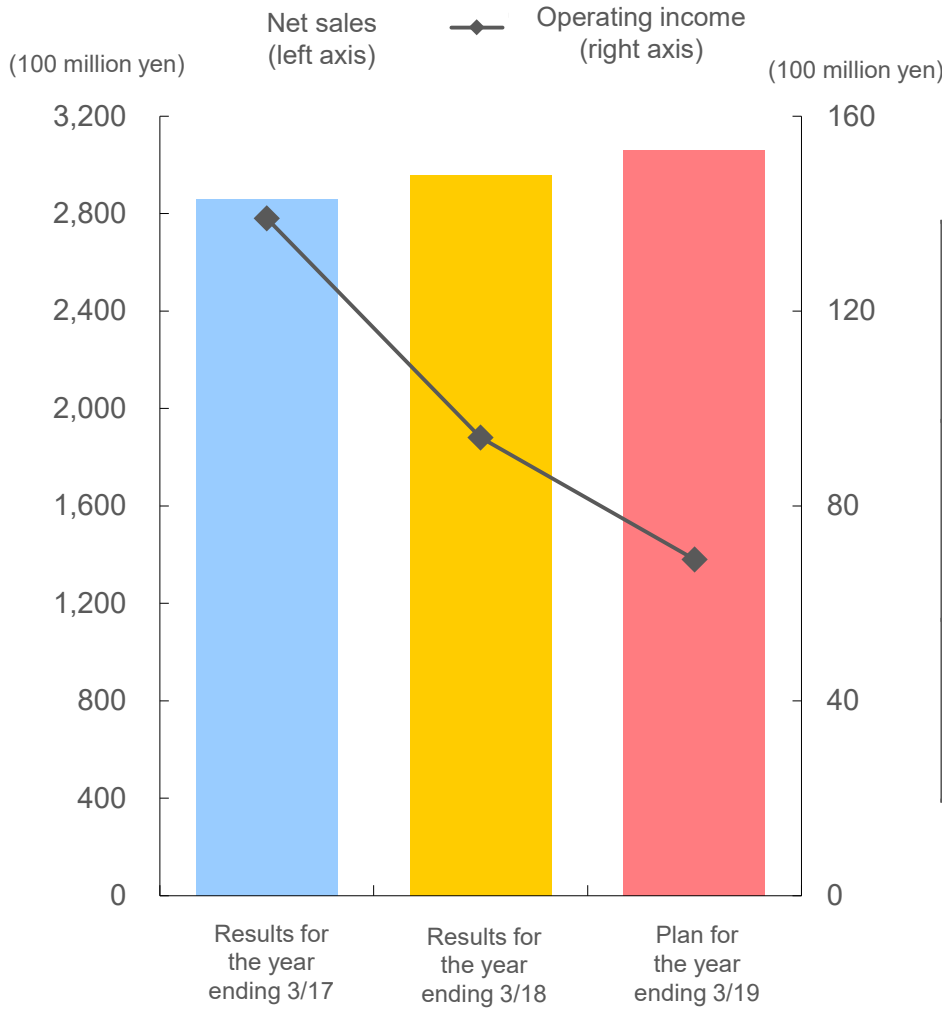
	Results for the year ending 3/17	Results for the year ending 3/18	Plan for the year ending 3/19	Vs. previous year
Net sales	1,195	1,242	1,305	5.0%
Operating income	115	96	90	△6.5%
Operating profit ratio	9.6%	7.7%	6.9%	—

▽ Performance is expected to be favorable overseas, with this including the improved income in North America. However, in Japan a downturn is expected from reduced volume.

Forecasted Results for the Year Ending 3/19 (7): Segment (2) Automotive seating



Outlook for net sales / operating income



(100 million yen)

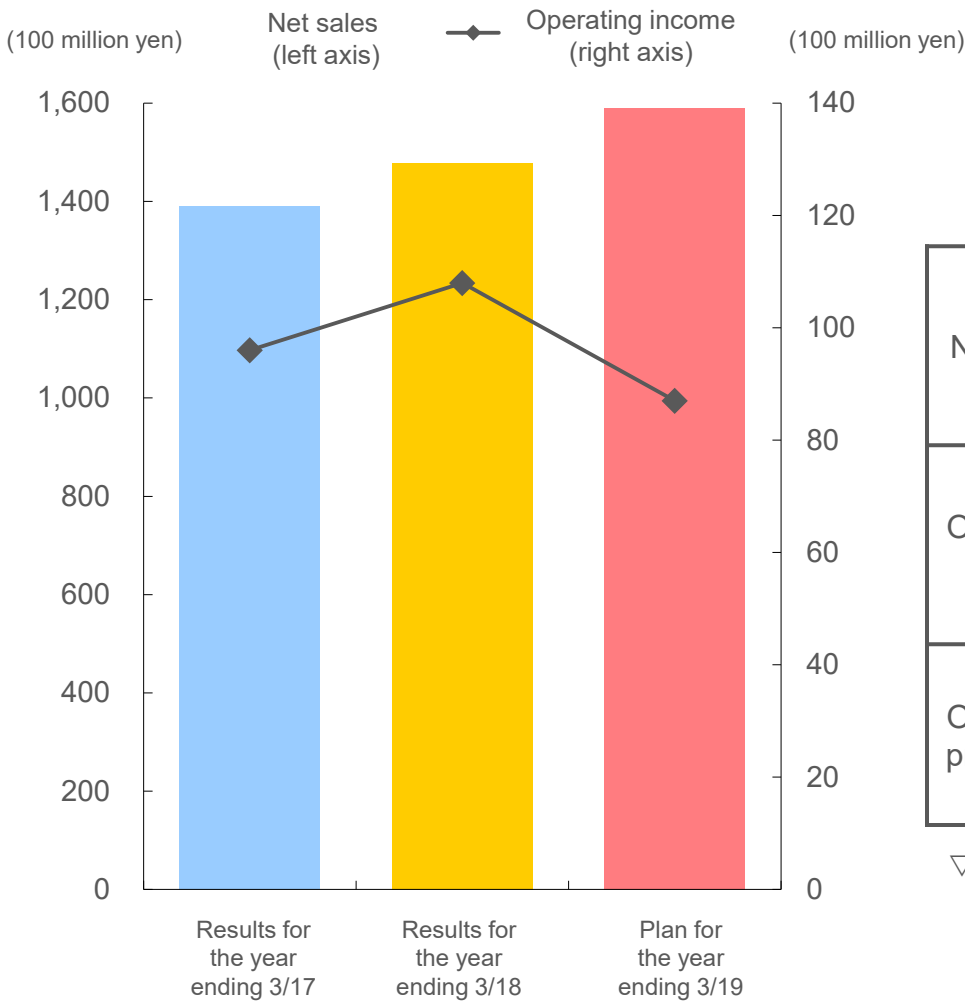
	Results for the year ending 3/17	Results for the year ending 3/18	Plan for the year ending 3/19	Vs. previous year
Net sales	2,859	2,957	3,082	4.2%
Operating income	139	94	69	△27.0%
Operating profit ratio	4.9%	3.2%	2.2%	—

▽ The expectation is that income will improve in North America and Thailand will perform well. However, the outlook is for a downturn in Japan and China.

Forecasted Results for the Year Ending 3/18 (8): Segment (3) Precision Springs & Components



Outlook for net sales / operating income



(100 million yen)

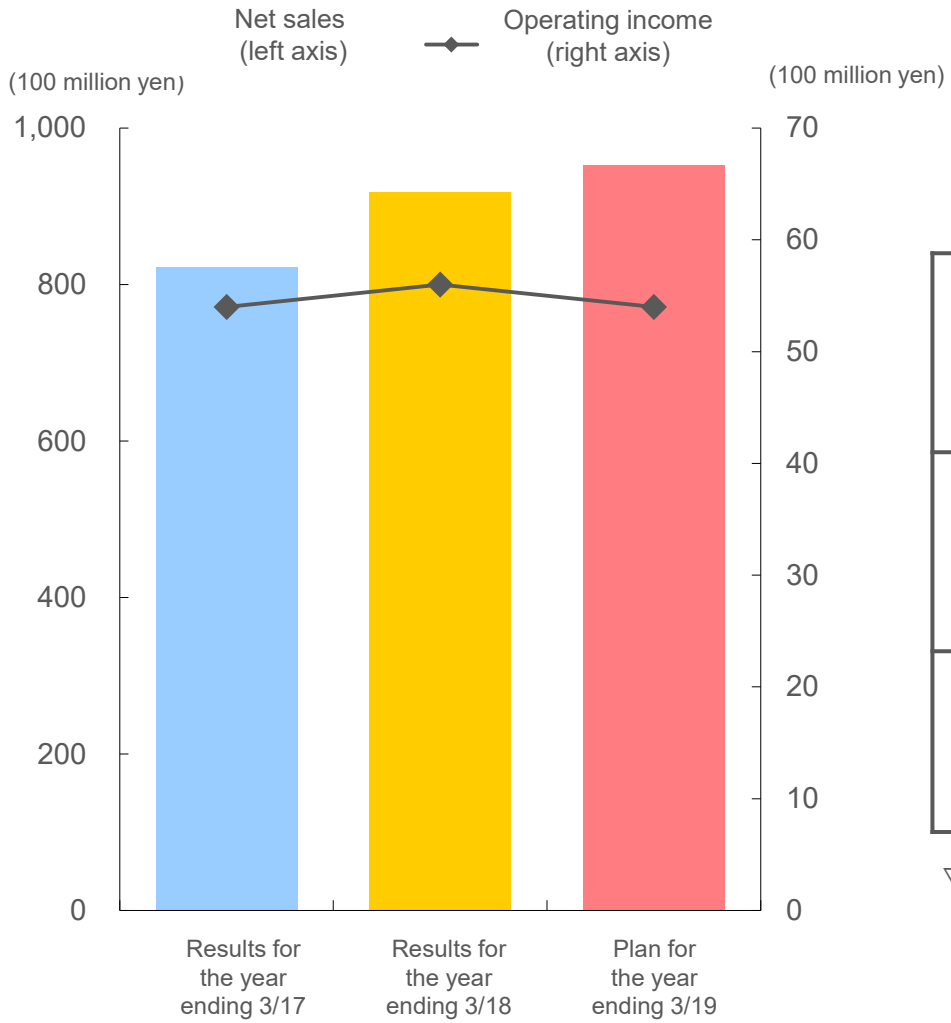
	Results for the year ending 3/17	Results for the year ending 3/18	Plan for the year ending 3/19	Vs. previous year
Net sales	1,390	1,478	1,554	5.1%
Operating income	96	108	87	△19.9%
Operating profit ratio	6.9%	7.3%	5.6%	—

▽ The expectation is that automotive-related segments will perform well. But HDD-related segments are expected to see an increase in income and a drop in profits due to the impact from a decline in the number of HDD units and price competition.

Forecasted Results for the Year Ending 3/18 (9): Segment (4) Industrial Machinery & Others



Outlook for net sales / operating income



(100 million yen)

	Results for the year ending 3/17	Results for the year ending 3/18	Plan for the year ending 3/19	Vs. previous year
Net sales	823	918	959	4.4%
Operating income	54	56	54	△3.6%
Operating profit ratio	6.7%	6.1%	5.6%	—

▽ Each business area is expected to perform well. But while sales of semiconductor-related parts will grow, the costs of handling the increased number of orders will also rise. As such, income is expected to rise while profits fall.

Forecasted Results for the Year Ending 3/18 (10)

Capital Investment / Depreciation & Amortization

(100 million yen)

		Results for the year ending 3/17	Results for the year ending 3/18	Plan for the year ending 3/19
Capital investment	Domestic	165	228	368
	Overseas	91	111	244
	Subtotal	256	340	613
	Non-consolidated	58	29	47
	Total	315	369	660
Depreciation & amortization	Domestic	128	138	168
	Overseas	103	102	100
	Total	231	241	269

Forecasted Results for the Year Ending 3/19 (11)

Capital Investment / Depreciation & Amortization

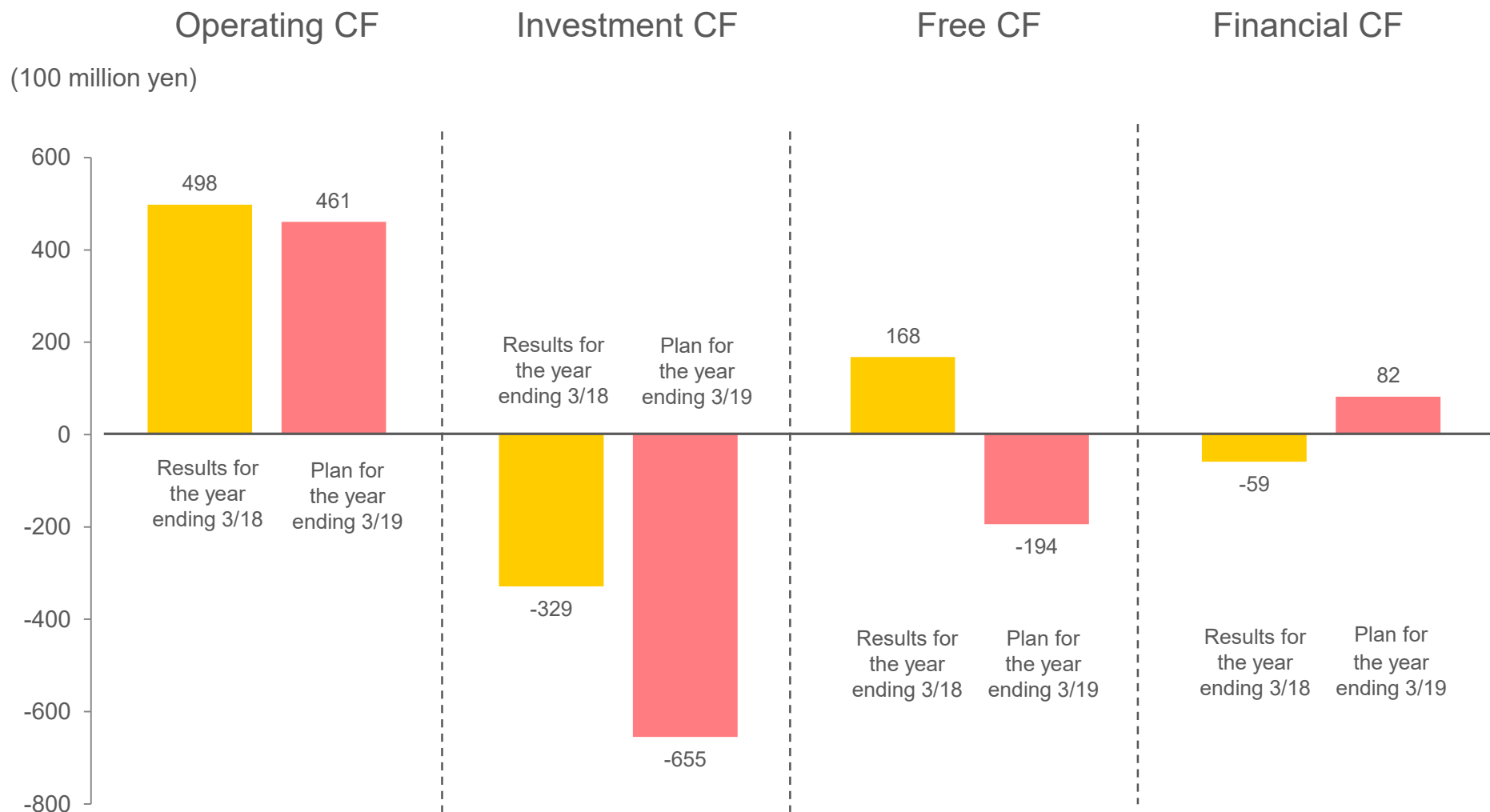


NHK SPRING CO.,LTD.
(100 million yen)

		Results for the year ending 3/17	Results for the year ending 3/18	Plan for the year ending 3/19
Capital investments	Automotive suspension springs	54	74	183
	Automotive seating	50	70	80
	Precision springs & components	103	128	202
	Industrial machinery & Others	37	50	109
	Company-wide sharing	10	16	37
	Total	256	340	613
	Vs. previous year	△6.4%	32.7%	80.3%
Depreciation & amortization	Automotive suspension springs	53	60	60
	Automotive seating	56	53	59
	Precision springs & components	82	89	103
	Industrial machinery & Others	22	24	30
	Company-wide sharing	15	13	15
	Total	231	241	269
	Vs. previous year	△1.9%	4.3%	11.5%

Forecasted Results for the Year Ending 3/19 (12)

CF Status



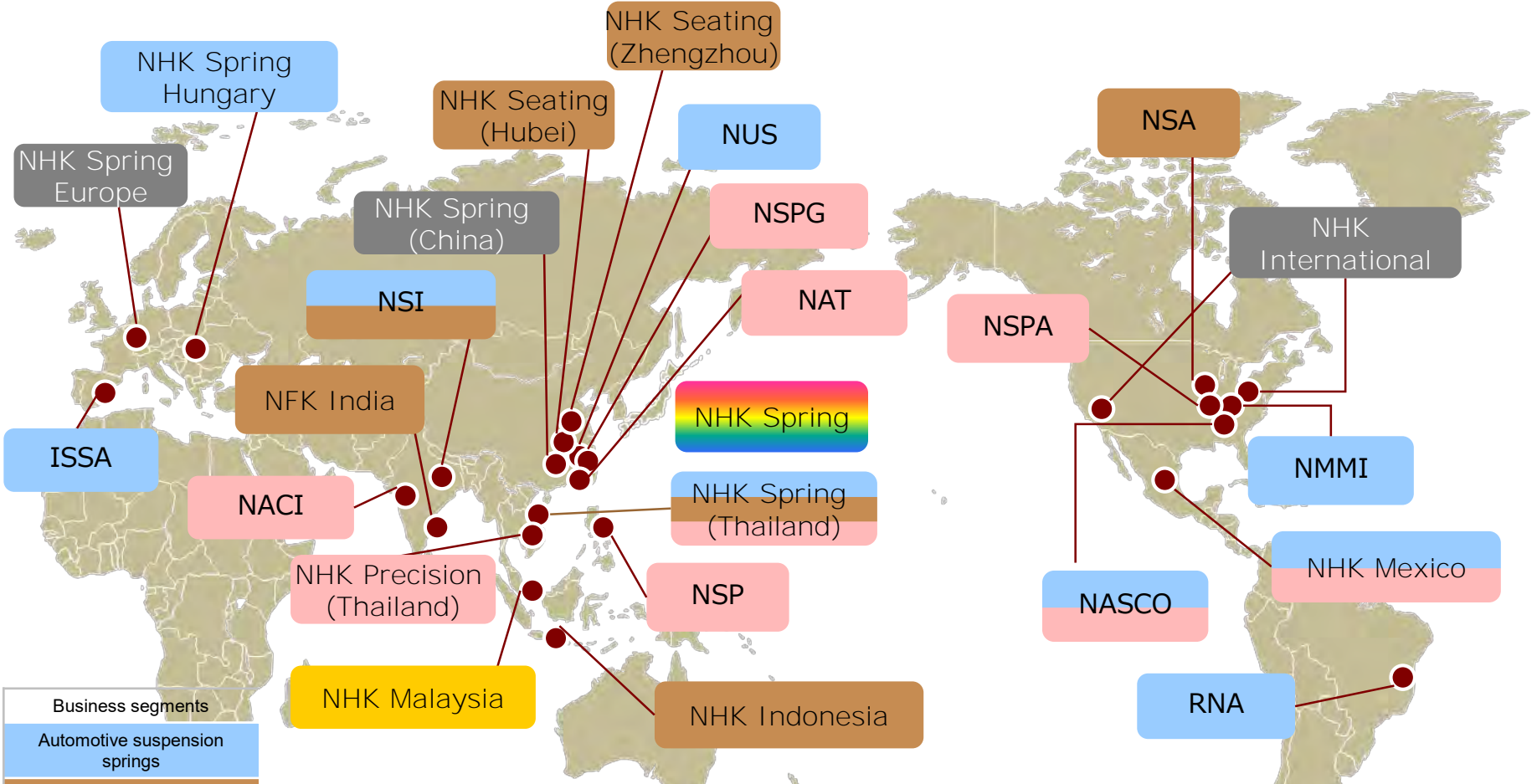


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Supplementary Materials

Supplementary Materials: Overseas Expansion Major Overseas Locations



Supplementary Materials

Answers to Frequently Asked Questions (1)

Q: What are our sales percentages to each of the major car makers?

A : Our results for the year ending March 2018 are shown in the table below.

Major car makers	Results for the year ending 3/17	Results for the year ending 3/18
Nissan Group	19%	19%
SUBARU Group	16%	15%
Toyota Group	14%	13%
Isuzu Group	6%	5%
Honda Group	4%	4%
Suzuki Group	4%	4%
Mitsubishi Group	2%	2%
Mazda Group	2%	1%
Top 3 companies	49%	47%
Others	51%	53%

[Note] The percentages show the share versus total net sales

Supplementary Materials

Answers to Frequently Asked Questions (2)

Q: What are the quantities of HDD suspensions by each location (on both a calendar year and fiscal year basis)?

A: The results for both 2017 and 2018 are shown in the table below.

(Unit: million units)

Calendar year basis	C Q 1	C Q 2	First half	C Q 3	C Q 4	Second half	Full year
2017 results	174	149	323	168	171	339	662
<Japan>	65	57	122	69	65	134	255
<China>	44	40	84	29	31	60	144
<Thailand>	65	52	117	71	75	146	263
2018 results	192	—	—	—	—	—	—
<Japan>	91	—	—	—	—	—	—
<China>	34	—	—	—	—	—	—
<Thailand>	66	—	—	—	—	—	—

Calendar year basis	F Q 1	F Q 2	First half	F Q 3	F Q 4	Second half	Full year
2017 results	166	161	327	164	197	361	688
<Japan>	57	69	126	65	91	156	281
<China>	44	40	84	29	31	60	144
<Thailand>	65	52	117	71	75	146	263
2018 results	—	—	—	—	—	—	—
<Japan>	—	—	—	—	—	—	—
<China>	34	—	—	—	—	—	—
<Thailand>	66	—	—	—	—	—	—

Supplementary Materials : Answers to Frequently Asked Questions (3)

HDD-related Results



NHK SPRING CO.,LTD.

No. of HDD units (million units)

	C Q 1	C Q 2	First half	C Q 3	C Q 4	Second half	Full year
2017 results	99	97	196	104	104	208	404
2018 results	94	—	—	—	—	—	—

Total demand for suspension units (million units)

	C Q 1	C Q 2	First half	C Q 3	C Q 4	Second half	Full year
2017 results	439	414	853	434	417	852	1,705
2018 results	428	—	—	—	—	—	—

Suspension count (units)

	C Q 1	C Q 2	First half	C Q 3	C Q 4	Second half	Full year
2017 results	4.46	4.26	4.36	4.17	4.01	4.09	4.22
2018 results	4.57	—	—	—	—	—	—

NHK volume (million units)

	C Q 1	C Q 2	First half	C Q 3	C Q 4	Second half	Full year
2017 results	174	149	323	168	171	339	662

NHK share (%)

	C Q 1	C Q 2	First half	C Q 3	C Q 4	Second half	Full year
2017 results	39.5	36.0	37.8	38.7	41.0	39.9	38.4

[Note] The values for the number of HDD units, total demand for suspension units, suspension count, and the share are estimates by NHK Spring.