

Financial Results Briefing for Q2 of the Year Ending March 2018

Item	Speaker
(From the Secretariat)	Chairperson
1. Introduction	Hiroyuki Kado, Executive Vice President
2. Summary of Accounts for Q2 of the Year Ending 3/18 and Forecasted Results for the Year Ending 3/18	Osamu Ikejiri, General Manager - Accounting Department
(Q&A)	



Introduction

Hiroyuki Kado
Executive Vice President

Q2 Results for the Year Ending 3/18



	Results for the	Plan for the	Results for the	Increase / decrease	
	first half of the year ending 3/17	first half of the year ending 3/18	first half of the year ending 3/18	YoY	Plan
Net sales	2,996	3,110	3,178	181	68
Operating income (operating profit ratio)	167 5.6%	160 5.1%	166 5.2%	△1 △0.4%	6 0.1%
Ordinary income (foreign exchange profit or loss)	140 △39	160 △7	187 4	46 43	27 11
Profit attributable to owners of parent (extraordinary profit or loss)	102 7	110 △3	126 -	24 △7	16 3
Average exchange rate					
US\$	106.4	110.0	111.4	5.0	1.4
Thai baht	3.2	3.1	3.3	0.1	0.2
Exchange rate at end of year					
US\$ (End of current year)	101.1	110.0	112.7	0.5	2.7
(End of previous year)	112.7	112.2	112.2	△11.6	-
Thai baht (End of current year)	2.9	3.1	3.3	0.1	0.2
(End of previous year)	3.3	3.2	3.2	△0.4	-

Full Year Plan for the Year Ending 3/18



(100 million yen)

	Results for the year ending 3/17	Initial plan for the year ending 3/18	Revised plan for the year ending 3/18	Increase / decrease Previous FY	Initial plan
Net sales	6,269	6,380	6,580	310	200
Operating income (operating profit ratio)	406 6.5%	360 5.6%	370 5.6%	△36 △0.9%	10 △0.0%
Ordinary income (foreign exchange profit or loss)	416 △9	370 △7	390 △2	△26 7	20 5
Profit attributable to owners of parent (extraordinary profit or loss)	250 △39	250 △6	260 △6	9 33	10 -
Average exchange rate					
US\$	109.0	110.0	111.1	2.0	1.1
Thai baht	3.1	3.1	3.3	0.2	0.2
Exchange rate at end of year					
US\$ (End of current year)	112.2	110.0	110.0	△2.2	-
(End of previous year)	112.7	112.2	112.2	△0.5	-
Thai baht (End of current year)	3.2	3.1	3.2	△0.0	0.1
(End of previous year)	3.3	3.2	3.2	△0.1	-

EPS

- Current year: 109.66 yen
- Previous year: 103.70 yen

ROE

- Current year: 9.0%
- Previous year: 9.3%

Year ending 3/17 extraordinary profits or losses

- Profits from revising the retirement benefit plans 10
- Impairment loss △15
- Loss on valuation of stocks of subsidiaries / affiliates △14
- Loss from closure of factories △11
- Attorney compensation, etc. △5
- Other △4

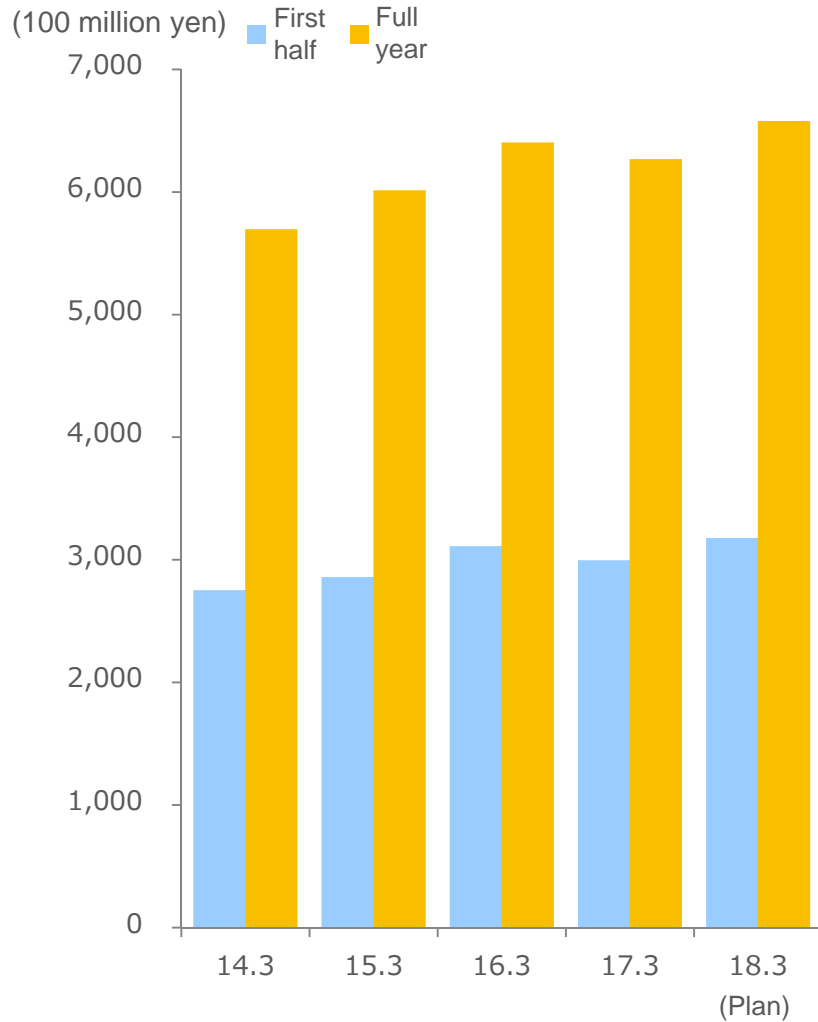
Year ending 3/18 extraordinary profits or losses (forecast)

- Attorney compensation, etc. △6

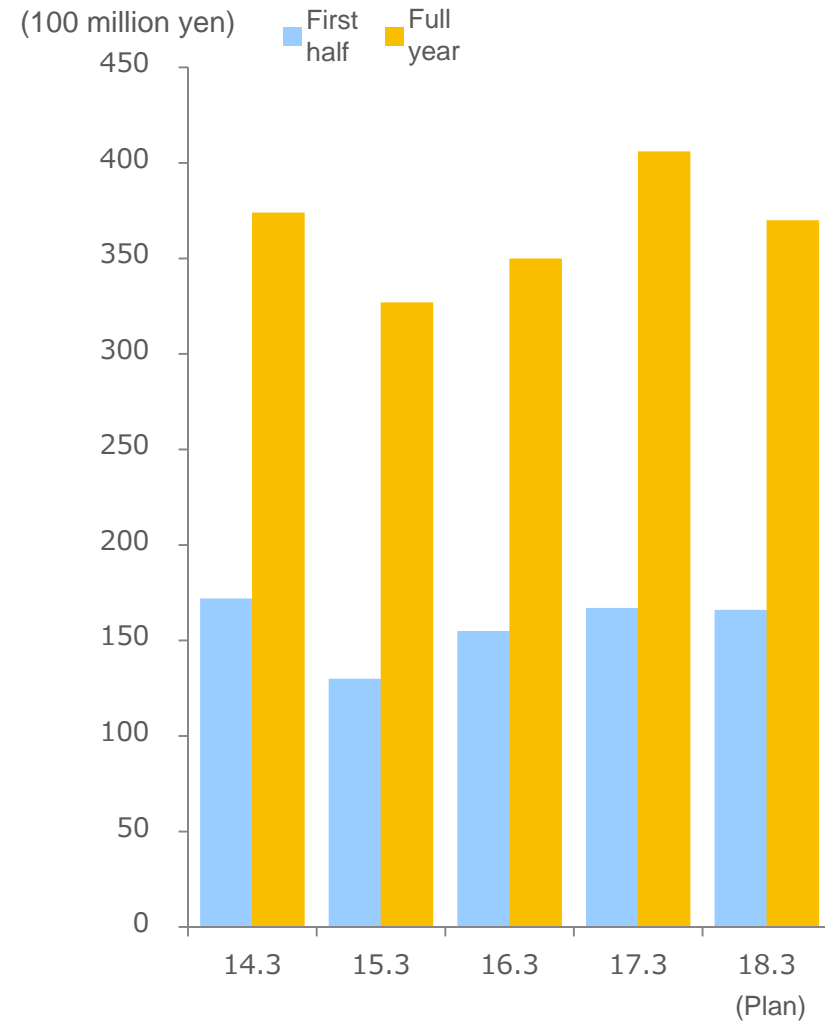
Result Trends



Net sales

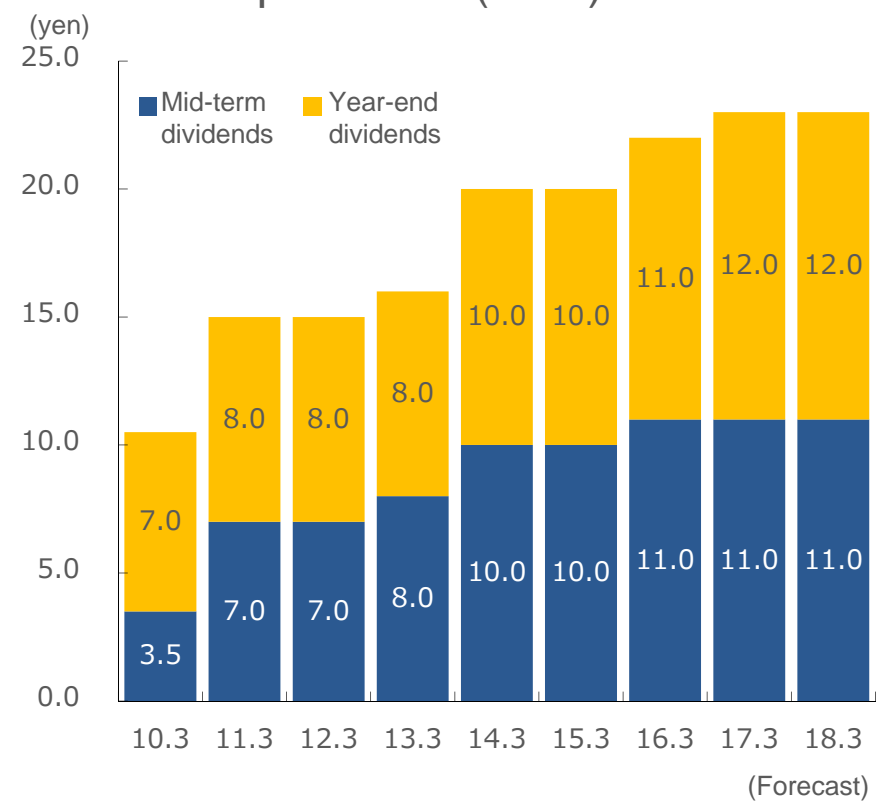


Operating income

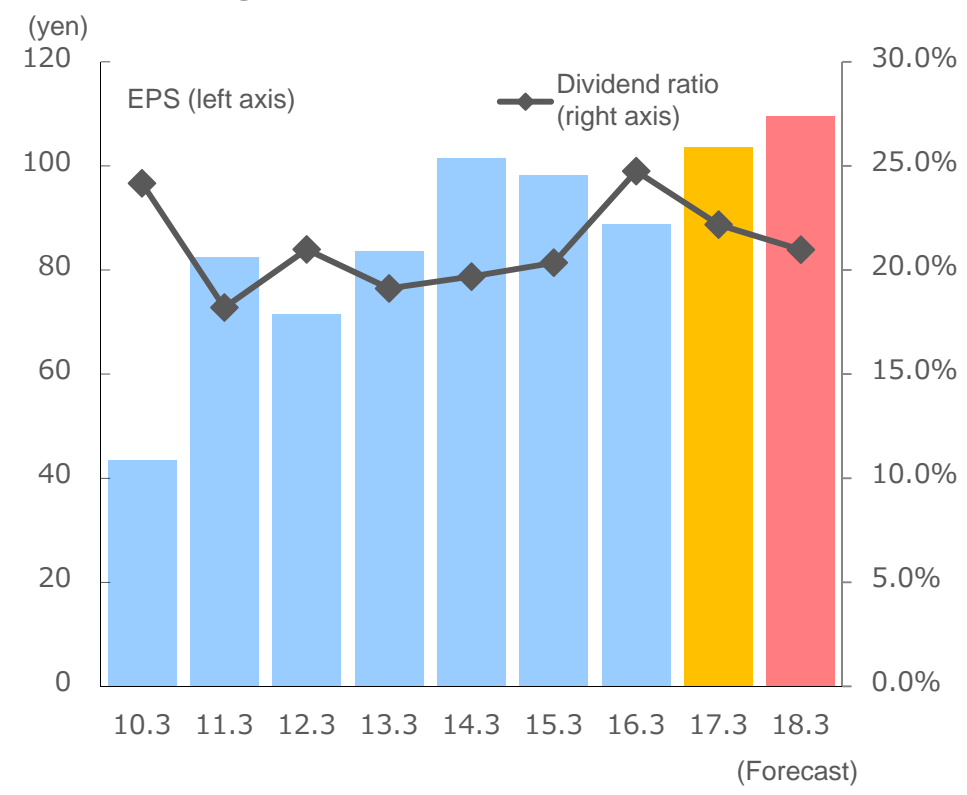


Dividends

Dividend per share (DPS)



Earnings per share (EPS)



	End of Q2	Year end	Total	Dividend ratio
Results for the year ending 3/17	11.0 yen	12.0 yen	23.0 yen	22.2%
Forecast for the year ending 3/18	11.0 yen	12.0 yen	23.0 yen	21.0%

Summary of Accounts for Q2 of
the Year Ending 3/18
and Forecasted Results for
the Year Ending 3/18

Osamu Ikejiri

General Manager – Accounting Department

Summary of Accounts for Q2 of the Year Ending 3/18

Q2 Results for the Year Ending 3/18 (1)

Net Sales / Operating Income by Segment



- ◆ Automotive-related segments performed well in Japan and Asia, but saw a decline in profits in North America due to reduced volume and variance in the model type of vehicles.
- ◆ The precision springs & components segment performed favorably along with automotive-related and HDD-related segments.
- ◆ The industrial machinery & other segments saw a growth in sales for semiconductor-related components and other business.

(100 million yen)

		Results for the first half of the year ending 3/17	Plan for the first half of the year ending 3/18	Results for the first half of the year ending 3/18	YoY		Versus plan	
					Difference	Ratio	Difference	Ratio
Automotive suspension springs	Net sales	590	590	603	13	2.3%	13	2.4%
	Operating income	53	47	50	△2	△5.3%	3	8.2%
	Ratio	9.1%	8.0%	8.4%	△0.7%	—	0.5%	—
Automotive seating	Net sales	1,373	1,410	1,420	47	3.5%	10	0.8%
	Operating income	62	59	39	△22	△36.5%	△19	△33.0%
	Ratio	4.5%	4.2%	2.8%	△1.8%	—	△1.4%	—
Precision springs & components	Net sales	654	700	726	71	11.0%	26	3.8%
	Operating income	32	40	51	19	59.0%	11	28.9%
	Ratio	5.0%	5.7%	7.1%	2.1%	—	1.4%	—
Industrial machinery & Others	Net sales	377	410	426	48	12.9%	16	4.1%
	Operating income	19	14	24	5	27.6%	10	75.4%
	Ratio	5.1%	3.4%	5.8%	0.7%	—	2.3%	—
Total	Net sales	2,996	3,110	3,178	181	6.1%	68	2.2%
	Operating income	167	160	166	△1	△0.7%	6	4.1%
	Ratio	5.6%	5.1%	5.2%	△0.4%	—	0.1%	—

Q2 Results for the Year Ending 3/18 (2) Net Sales / Operating Income by Region



- ◆ Japan: Automotive-related and HDD-related and semi-conductor-related components segments all performed favorably.
- ◆ Asia: Income and profits both increased as a result of strong performance in different regions.
- ◆ North America & Others: Sales increased, yet profits fell due to variance in the model type of vehicles.

(100 million yen)

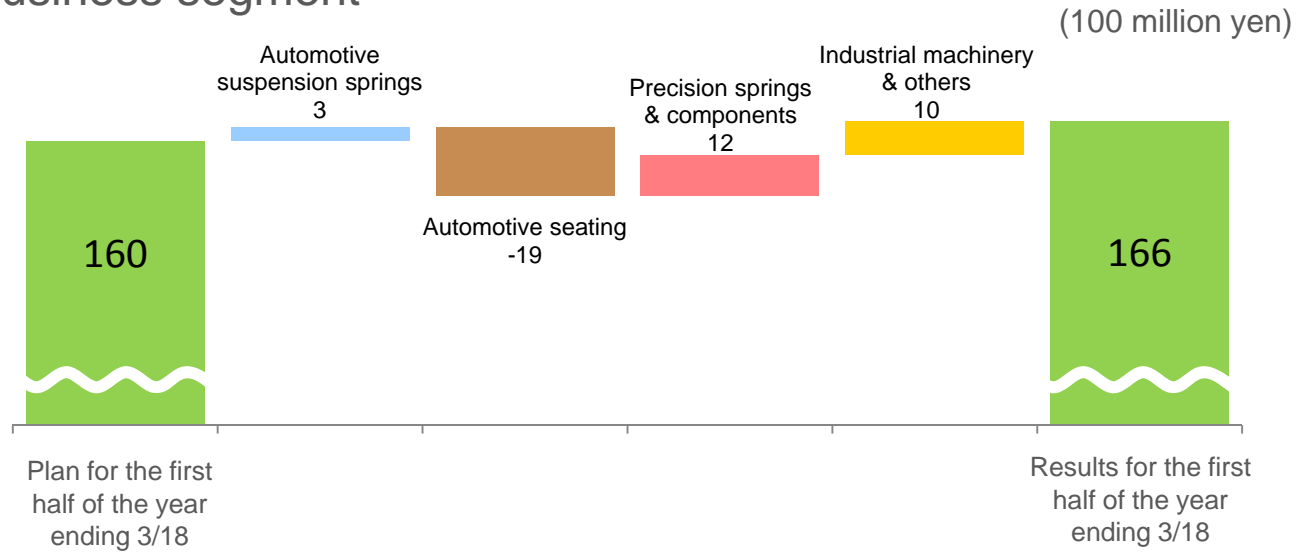
		Results for the first half of the year ending 3/17	Plan for the first half of the year ending 3/18	Results for the first half of the year ending 3/18	YoY		Versus plan	
					Difference	Ratio	Difference	Ratio
Japan	Net sales	1,787	1,863	1,938	150	8.4%	75	4.1%
	Operating income	96	85	109	13	14.2%	24	29.3%
	Ratio	5.4%	4.6%	5.7%	0.3%	—	1.1%	—
Asia	Net sales	699	700	726	27	3.9%	26	3.8%
	Operating income	53	68	65	12	23.9%	△2	△3.4%
	Ratio	7.6%	9.7%	9.0%	1.5%	—	△0.7%	—
North America & Others	Net sales	509	547	512	3	0.7%	△34	△6.2%
	Operating income	18	7	△9	△27	△149.6%	△16	△230.2%
	Ratio	3.6%	1.3%	△1.8%	△5.4%	—	△3.1%	—
Total	Net sales	2,996	3,110	3,178	181	6.1%	68	2.2%
	Operating income	167	160	166	△1	△0.7%	6	4.1%
	Ratio	5.6%	5.1%	5.2%	△0.4%	—	0.1%	—

Q2 Results for the Year Ending 3/18 (3)

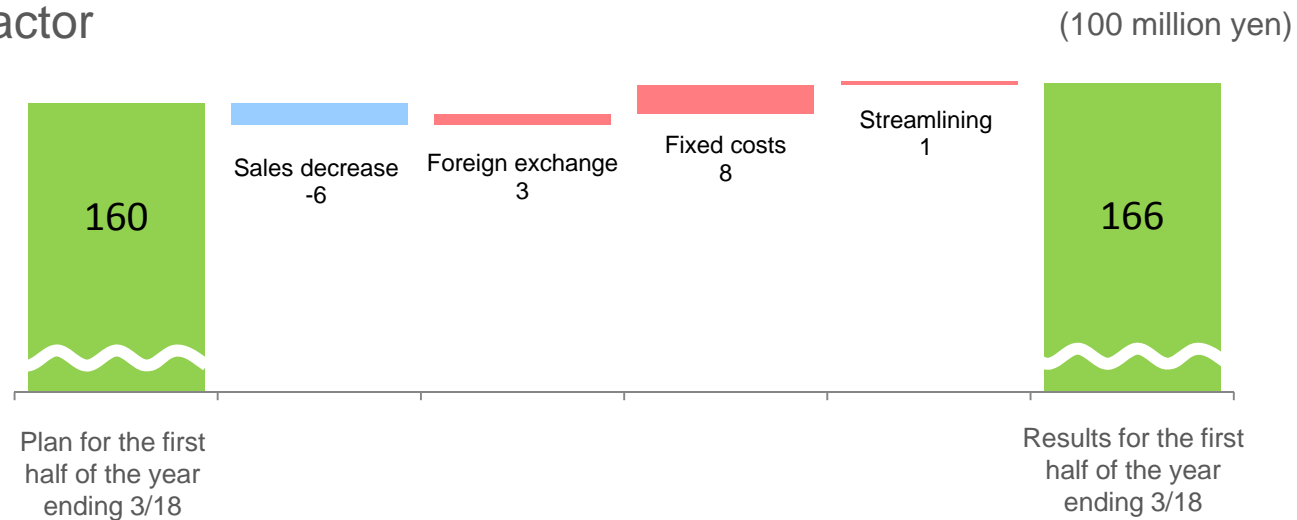
Variable Factor Analysis for Operating Income



By business segment

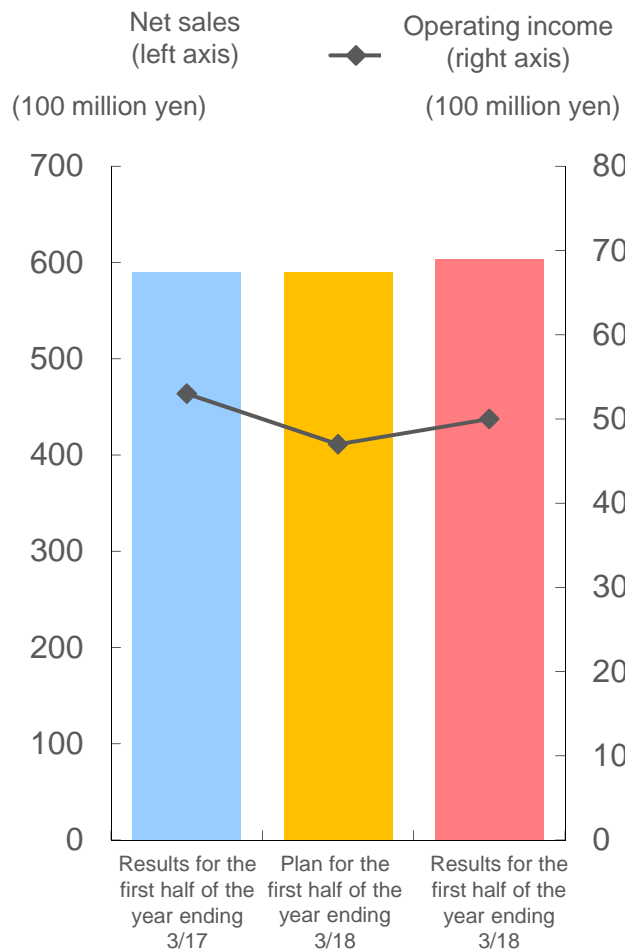


By factor



Q2 Results for the Year Ending 3/18 (4)

Segment-specific Analysis (1) Automotive Suspension Springs

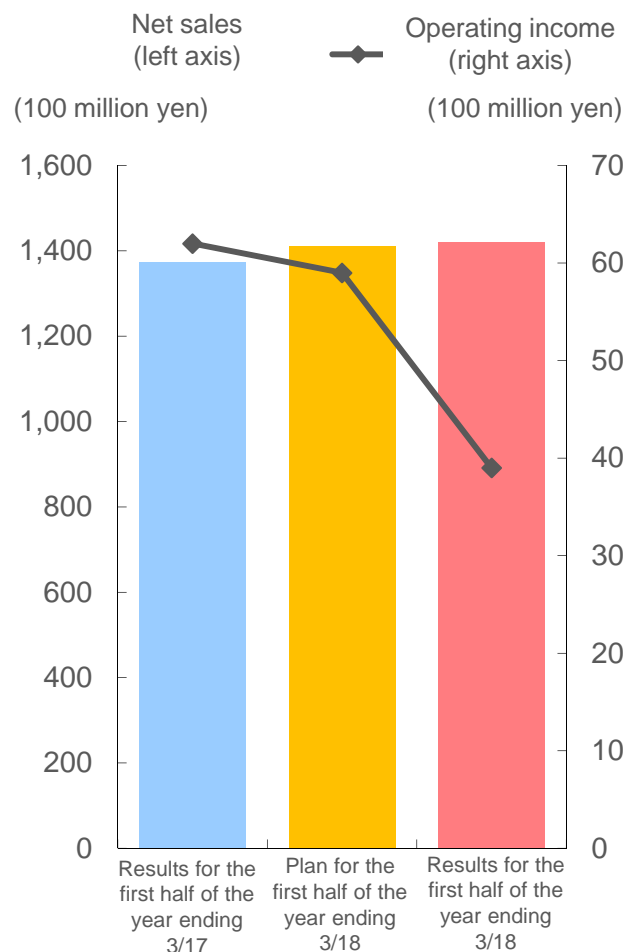


	Results for the first half of the year ending 3/17	Plan for the first half of the year ending 3/18	Results for the first half of the year ending 3/18	YoY		Versus plan	
				Difference	Ratio	Difference	Ratio
Net sales	590	590	603	13	2.3%	13	2.4%
Operating income	53	47	50	△2	△5.3%	3	8.2%
Operating profit ratio	9.1%	8.0%	8.4%	△0.7%	—	0.5%	—

- ▽ Versus the previous year's performance: This was impacted by the decrease in volume from North American subsidiaries, but the subsidiaries in China and India performed favorably.
- ▽ Versus the initial plan: While the North American subsidiaries failed to hit their planned figures, we secured an increase in income and profits overall.

Q2 Results for the Year Ending 3/18 (5)

Segment-specific Analysis (2) Automotive Seating

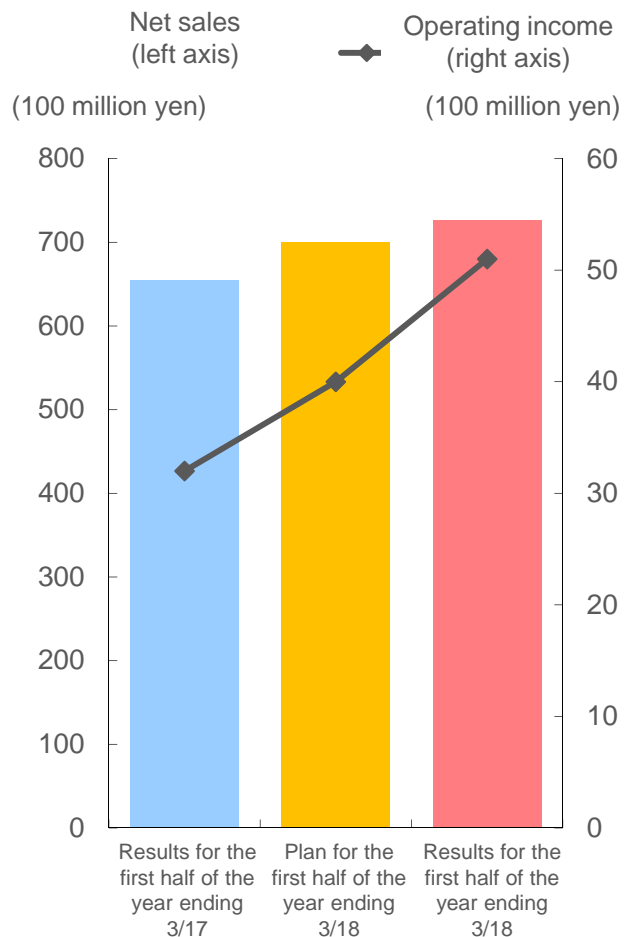


	Results for the first half of the year ending 3/17		Plan for the first half of the year ending 3/18		Results for the first half of the year ending 3/18		YoY		Versus plan	
					Difference	Ratio	Difference	Ratio		
Net sales	1,373	1,410	1,420	47	3.5%	10	0.8%			
Operating income	62	59	39	△22	△36.5%	△19	△33.0%			
Operating profit ratio	4.5%	4.2%	2.8%	△1.8%	—	△1.4%	—			

- ▽ Versus the previous year's performance: While domestic sales increased, profits declined due to changes in the model type of vehicles ordered.
- ▽ Versus the initial plan: Net sales surpassed the planned figures for the segment as a whole, yet it still failed to hit its planned figures due to the changes in the model type of vehicles ordered.

Q2 Results for the Year Ending 3/18 (6)

Segment-specific Analysis (3) Precision Springs & Components



	Results for the first half of the year ending 3/17		Plan for the first half of the year ending 3/18		Results for the first half of the year ending 3/18		YoY		Versus plan	
					Difference	Ratio	Difference	Ratio		
Net sales	654	700	726	71	11.0%	26	3.8%			
Operating income	32	40	51	19	59.0%	11	28.9%			
Operating profit ratio	5.0%	5.7%	7.1%	2.1%	—	1.4%	—			

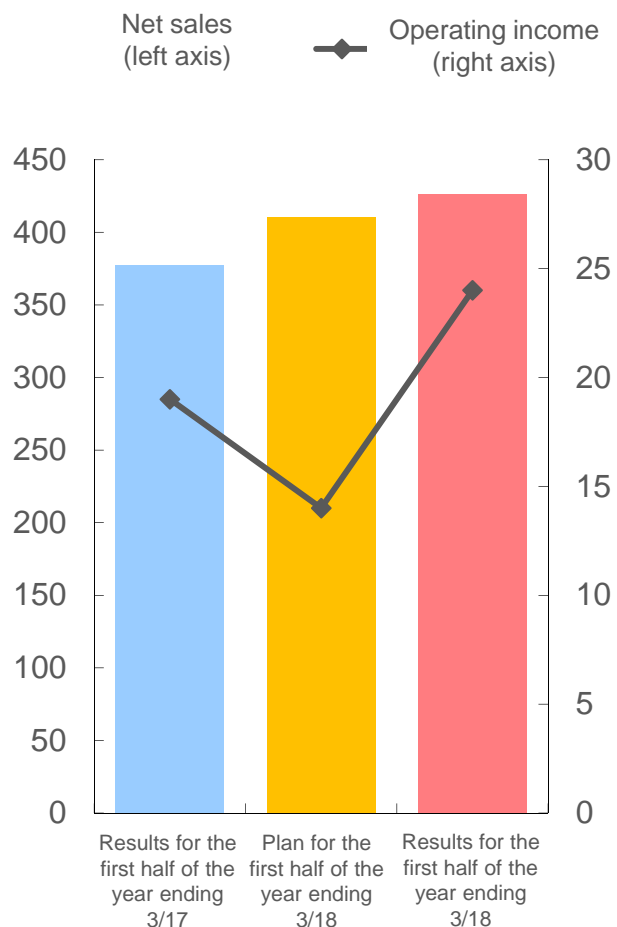
- ▽ Versus the previous year's performance: Automotive and HDD-related segments both performed favorably, resulting in increased income and profits.
- ▽ Versus the initial plan: Increasing the volume of product orders and streamlining both proceeded as planned, with these exceeding their forecasts.

Q2 Results for the Year Ending 3/18 (7)

Segment-specific Analysis (4) Industrial Machinery & Others



(100 million yen)



	Results for the first half of the year ending 3/17	Plan for the first half of the year ending 3/18	Results for the first half of the year ending 3/18	YoY		Versus plan	
				Difference	Ratio	Difference	Ratio
Net sales	377	410	426	48	12.9%	16	4.1%
Operating income	19	14	24	5	27.6%	10	75.4%
Operating profit ratio	5.1%	3.4%	5.8%	0.7%	—	2.3%	—

- ▽ Versus the previous year's performance: Each business segment achieved strong results centered mainly around semiconductor-related segments.
- ▽ Versus the initial plan: Every product section performed favorably and surpassed their planned figures.

Q2 Results for the Year Ending 3/18 (8)

Assets



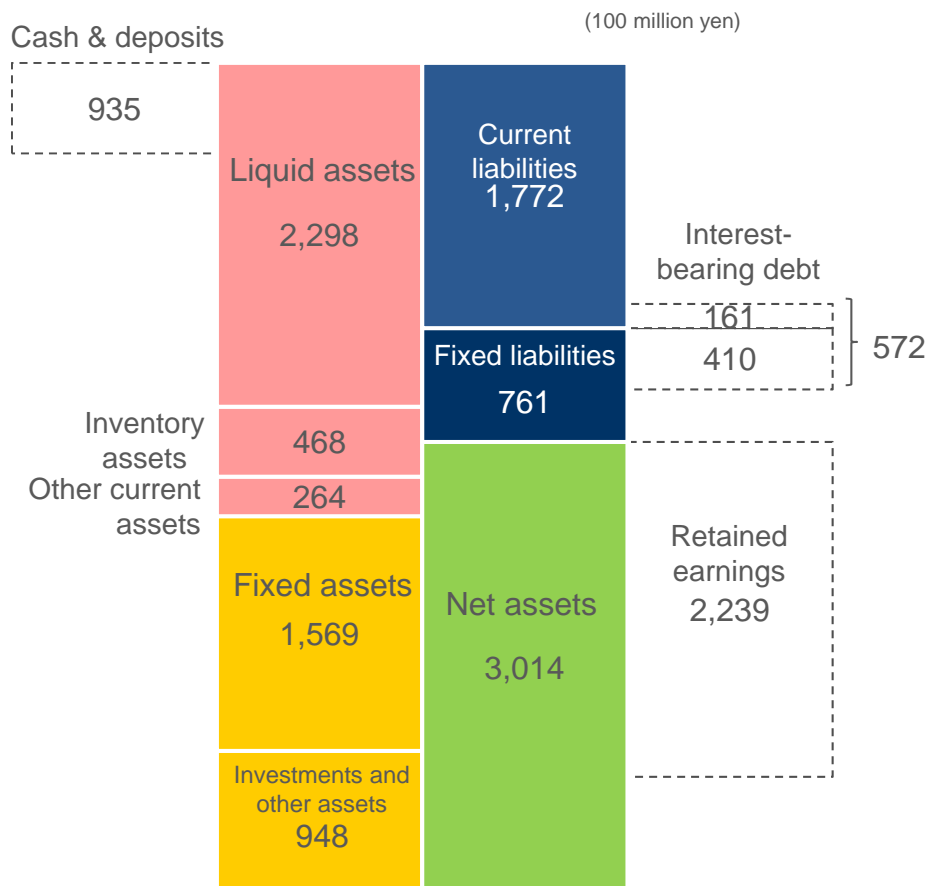
(100 million yen)

	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 first half of the year ending 3/18	Increase / decrease
Total assets	4,649	5,298	5,098	5,417	5,549	131
Shareholders' equity	2,182	2,626	2,572	2,796	2,877	80
Shareholders' equity to total assets ratio	46.9%	49.6%	50.5%	51.6%	51.9%	—
Cash and deposits	622	837	725	825	935	109
Interest-bearing debt	610	645	573	533	572	38
Net cash	12	191	152	291	362	70

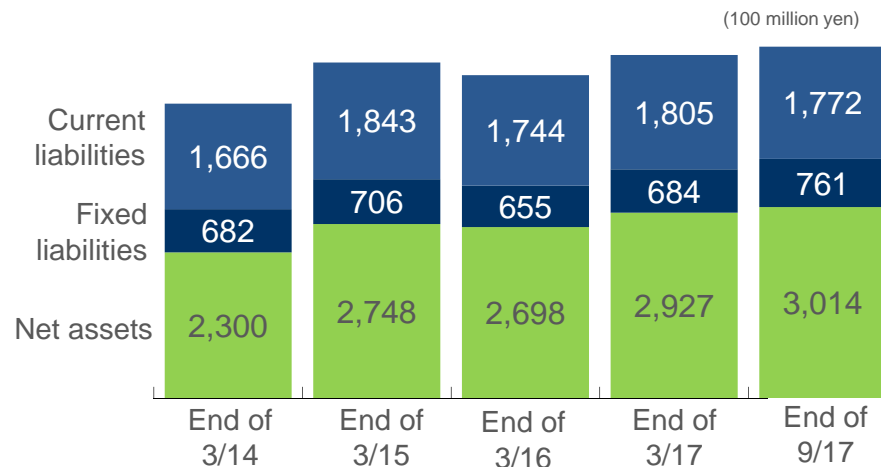
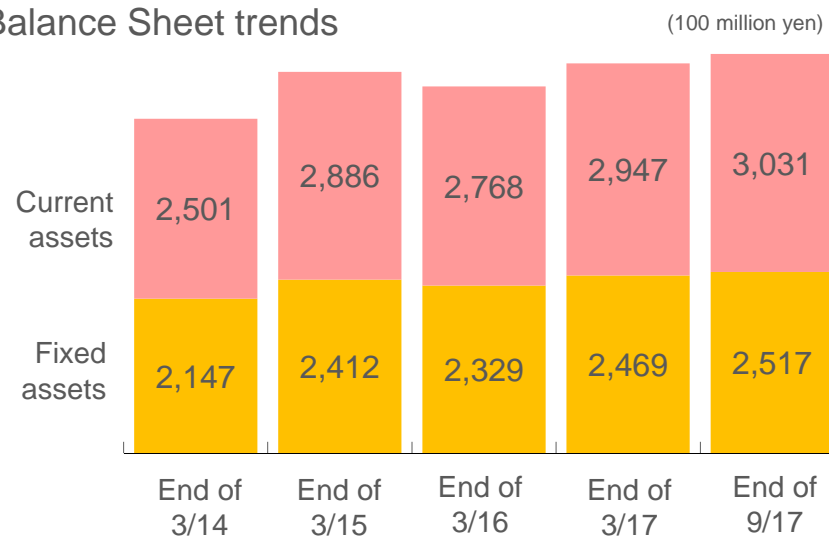
Q2 Results for the Year Ending 3/18 (9) BS



Balance Sheet

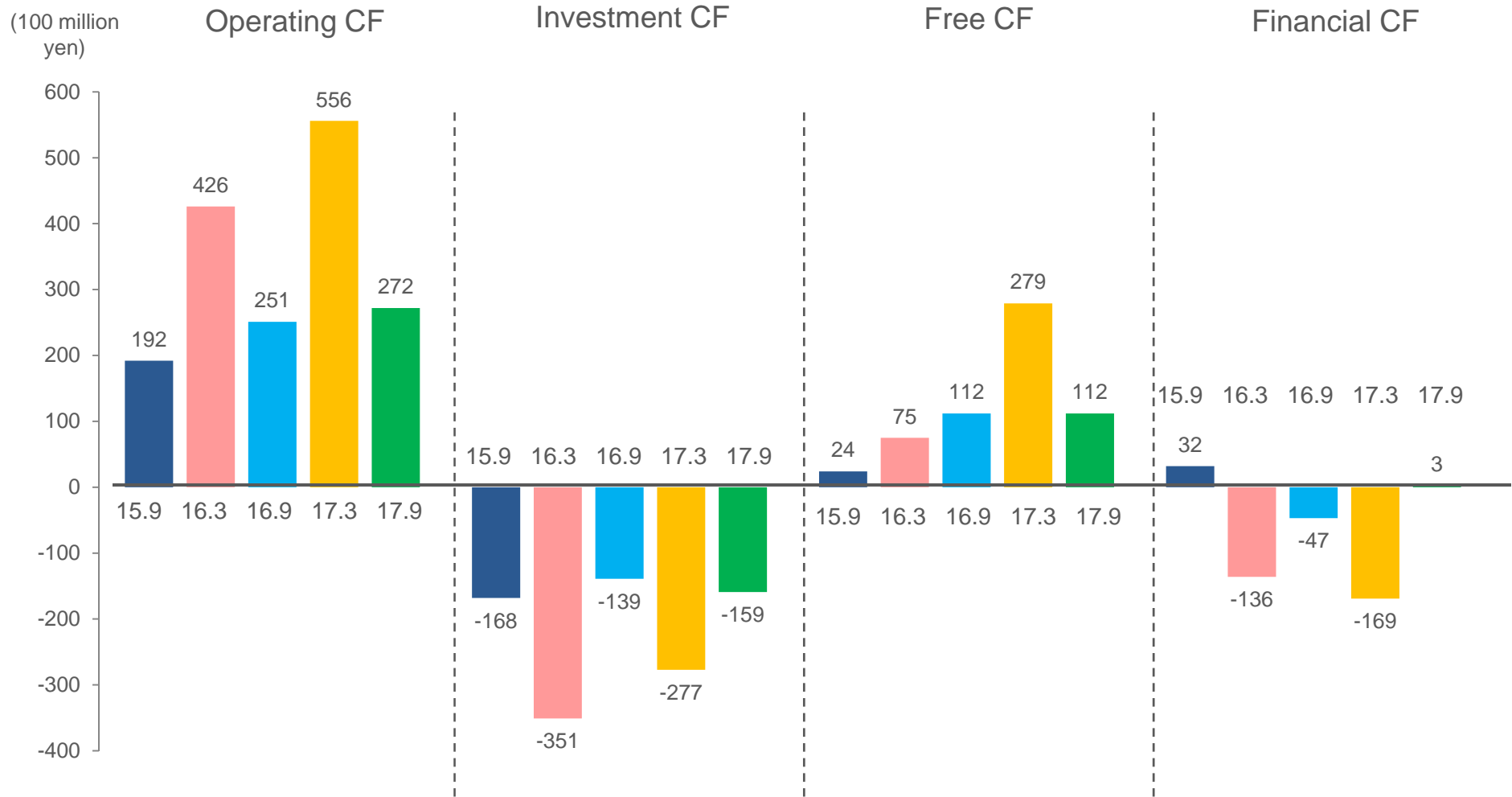


Balance Sheet trends



- ▽ Assets : These increased by 13.1 billion yen compared with the end of the previous year due to increases in cash, deposits, tangible fixed assets, and so on.
- ▽ Liabilities : These increased by 4.4 billion yen compared with the end of the previous year due to the increase in long-term debt and other factors.
- ▽ Net assets : These increased by 8.7 billion yen compared with the end of the previous year due to the rise in retained earnings from the quarterly profits attributable to owners of parent and other factors.

Q2 Results for the Year Ending 3/18 (10) CF



Forecasted Results for the Year Ending 3/18

Forecasted Results for the Year Ending 3/18 (1) Plan for the Full Year Ending March 2018

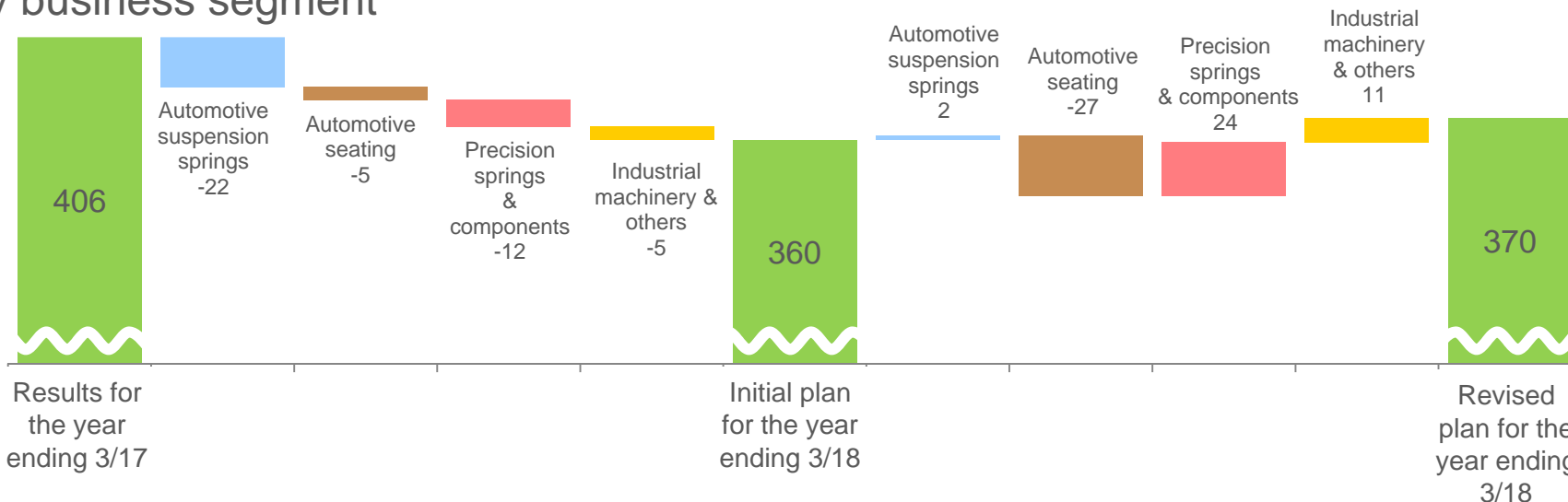


	Results for the year ending 3/17	Initial plan for the year ending 3/18	Revised plan for the year ending 3/18	YoY	Vs. the initial plan
Net sales	6,269	6,380	6,580	5.0%	3.1%
Operating income	406	360	370	△8.9%	2.8%
Ordinary income	416	370	390	△6.3%	5.4%
Profit attributable to owners of parent	250	250	260	3.6%	4.0%
EPS (Unit: yen)	103.70	105.44	109.66	—	—
ROE	9.3%	8.7%	9.0%	—	—
Exchange rate (US\$)	109.0	110.0	111.1	—	—
(Thai baht)	3.1	3.1	3.3	—	—

Forecasted Results for the Year Ending 3/18 (2)

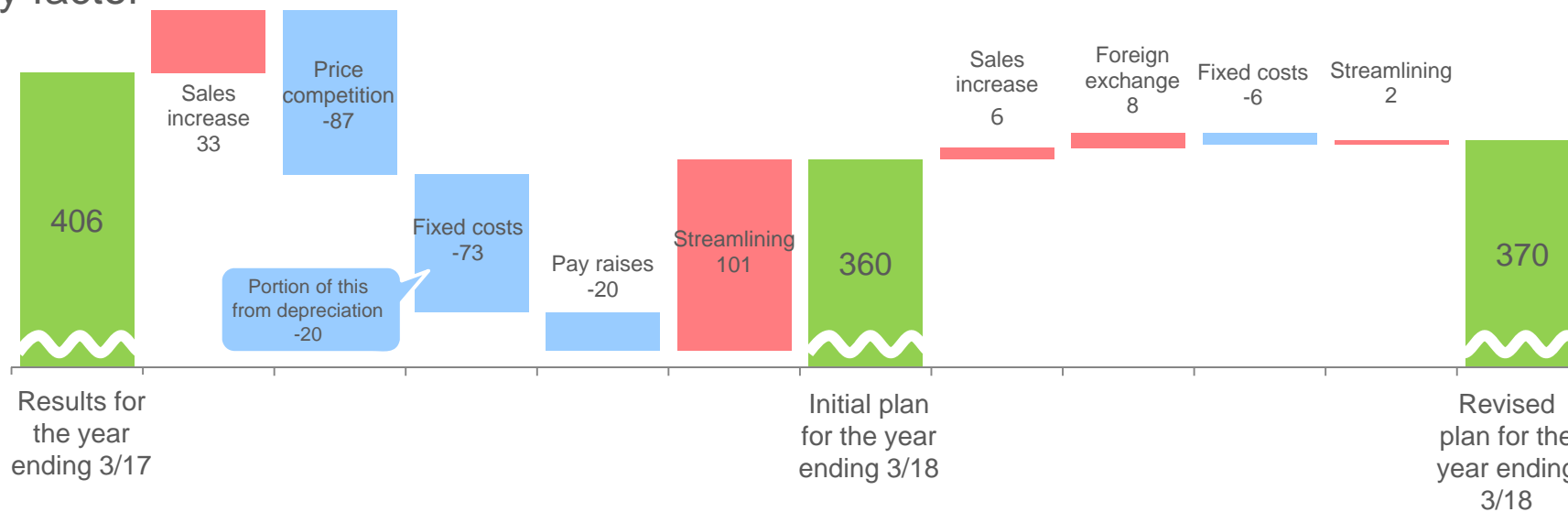
Variable Factor Analysis for Operating Income

By business segment



By factor

(100 million yen)



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

Net Sales / Operating Income by Segment



- ◆ For automotive-related segments, due to the impact from the shift in demand in North America from sedans to SUVs, net sales are expected to fall in the North American region. However, net sales are expected to exceed the planned figures for every segment in Japan and the China region.
- ◆ Of the precision springs & components segments, those related to HDD are expected to perform favorably in Japan.

(100 million yen)

		Results for the year ending 3/17	Initial plan for the year ending 3/18	Results for the first half of the year ending 3/18	Results for the second half of the year ending 3/18	Revised plan for the year ending 3/18	YoY	Difference with initial plan
Automotive suspension springs	Net sales	1,195	1,210	603	631	1,235	39	25
	Operating income	115	93	50	44	95	△20	2
	Ratio	9.6%	7.7%	8.4%	7.0%	7.7%	—	—
Automotive seating	Net sales	2,859	2,890	1,420	1,543	2,964	104	74
	Operating income	139	134	39	67	107	△32	△27
	Ratio	4.9%	4.6%	2.8%	4.4%	3.6%	—	—
Precision springs & components	Net sales	1,390	1,410	726	757	1,484	93	74
	Operating income	96	84	51	56	108	11	24
	Ratio	6.9%	6.0%	7.1%	7.5%	7.3%	—	—
Industrial machinery & others	Net sales	823	870	426	470	897	73	27
	Operating income	54	49	24	35	60	5	11
	Ratio	6.7%	5.6%	5.8%	7.5%	6.7%	—	—
Total	Net sales	6,269	6,380	3,178	3,401	6,580	310	200
	Operating income	406	360	166	203	370	△36	10
	Ratio	6.5%	5.6%	5.2%	6.0%	5.6%	—	—

Forecasted Results for the Year Ending 3/18 (4)

Net Sales / Operating Income by Region

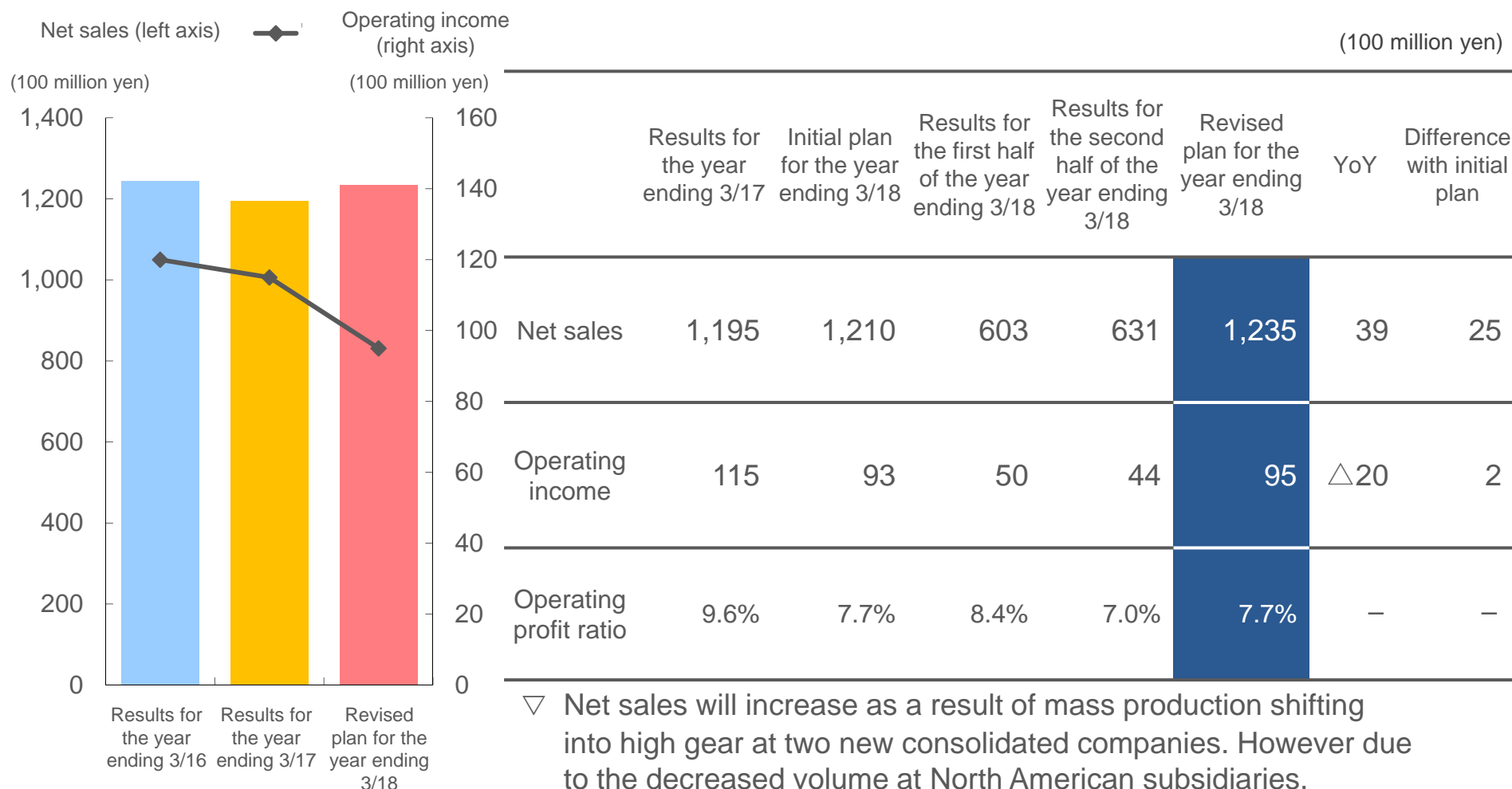


- ◆ Japan: Due to the robust automotive and HDD-related segments, both income and profits are expected to increase over the figures in the initial plan.
- ◆ Asia: Sales will increase compared with the figures in the initial plan, yet operating income is expected to fall just slightly short of the target.
- ◆ North America & others: As a result of the impact from the shift in demand in North America from sedans to SUVs and the variance in the model type of vehicles both income and profits are expected to fall.

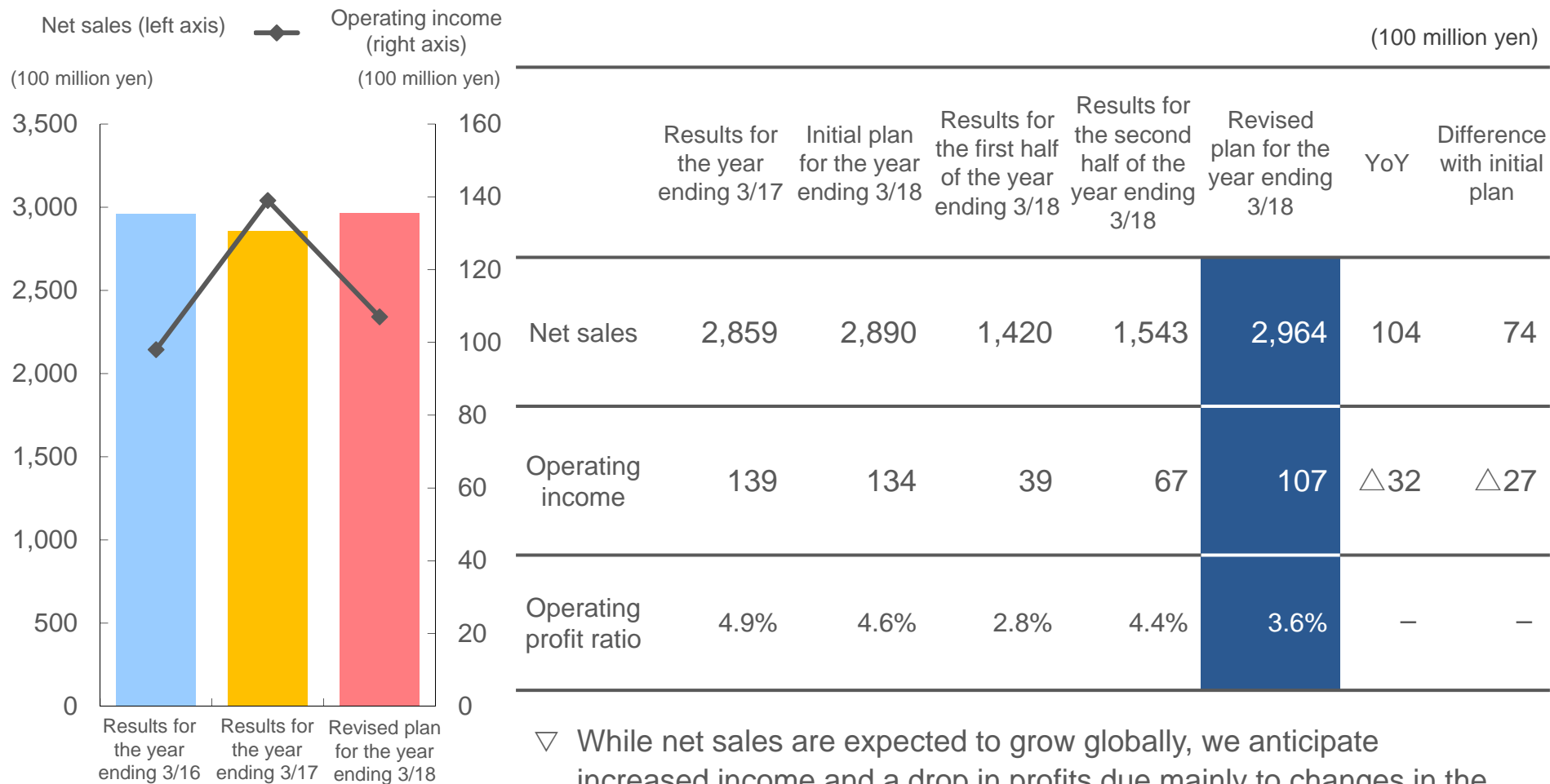
(100 million yen)

		Results for the year ending 3/17	Initial plan for the year ending 3/18	Results for the first half of the year ending 3/18	Results for the second half of the year ending 3/18	Revised plan for the year ending 3/18	YoY	Difference with initial plan
Japan	Net sales	3,809	3,836	1,938	2,071	4,010	200	174
	Operating income	262	202	109	141	251	△11	49
	Ratio	6.9%	5.3%	5.7%	6.8%	6.3%	—	—
Asia	Net sales	1,407	1,431	726	804	1,531	123	100
	Operating income	114	133	65	61	127	12	△6
	Ratio	8.1%	9.3%	9.0%	7.6%	8.3%	—	—
North America & Others	Net sales	1,052	1,113	512	526	1,039	△13	△74
	Operating income	29	25	△9	1	△8	△37	△33
	Ratio	2.8%	2.2%	△1.8%	0.2%	△0.8%	—	—
Total	Net sales	6,269	6,380	3,178	3,401	6,580	310	200
	Operating income	406	360	166	203	370	△36	10
	Ratio	6.5%	5.6%	5.2%	6.0%	5.6%	—	—

Forecasted Results for the Year Ending 3/18 (5): Segment (1) Automotive Suspension Springs

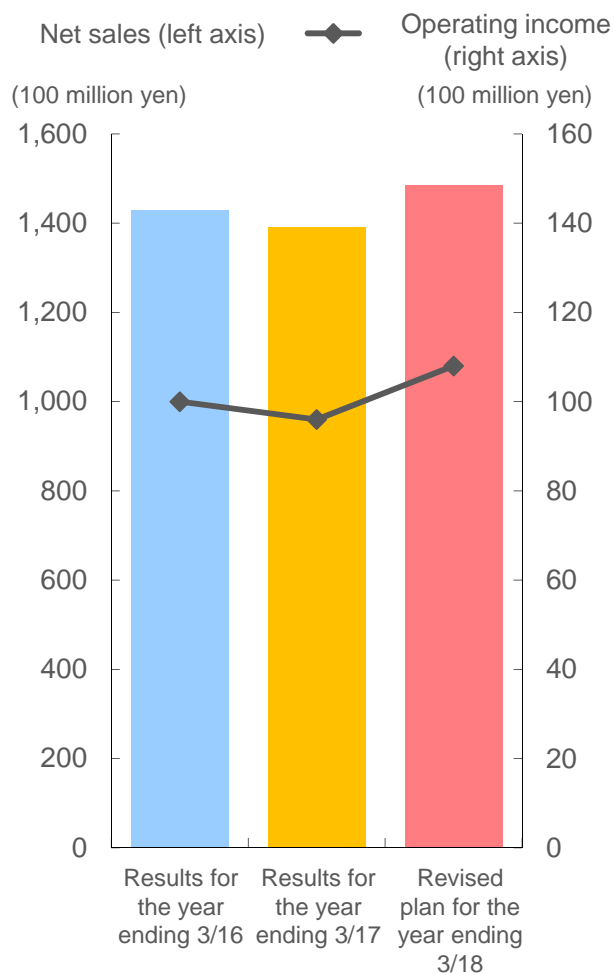


Forecasted Results for the Year Ending 3/18 (6): Segment (2) Automotive seating



▽ While net sales are expected to grow globally, we anticipate increased income and a drop in profits due mainly to changes in the model type of vehicles ordered.

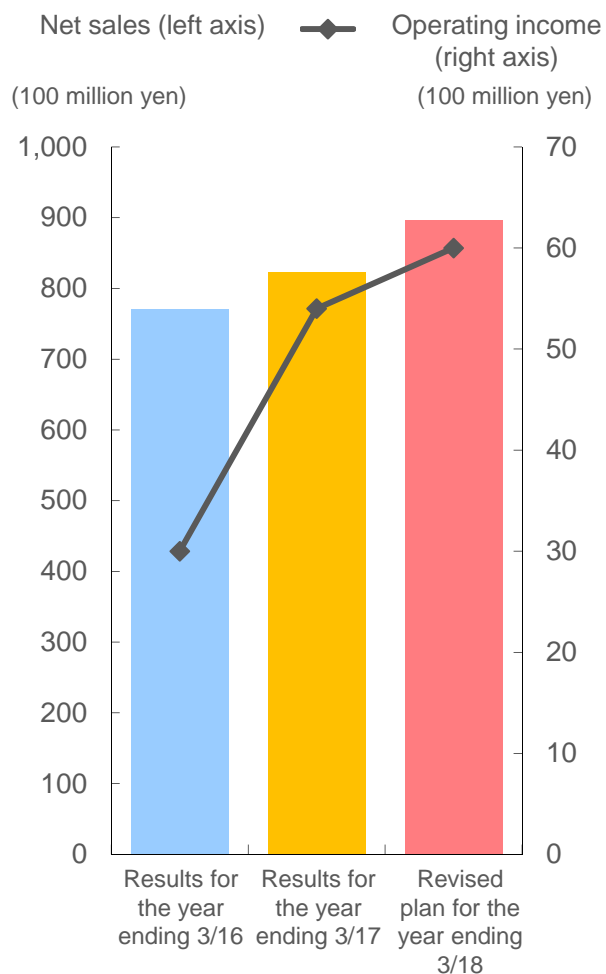
Forecasted Results for the Year Ending 3/18 (7): Segment (3) Precision Springs & Components



	Results for the year ending 3/17	Initial plan for the year ending 3/18	Results for the first half of the year ending 3/18	Results for the second half of the year ending 3/18	Revised plan for the year ending 3/18	YoY	Difference with initial plan
Net sales	1,390	1,410	726	757	1,484	93	74
Operating income	96	84	51	56	108	11	24
Operating profit ratio	6.9%	6.0%	7.1%	7.5%	7.3%	—	—

▽ We will receive more automotive-related orders, and HDD-related segments will remain strong in Japan. As such, we expect these to surpass the figures in the initial plan.

Forecasted Results for the Year Ending 3/18 (8): Segment (4) Industrial Machinery & Others



(100 million yen)

	Results for the year ending 3/17	Initial plan for the year ending 3/18	Results for the first half of the year ending 3/18	Results for the second half of the year ending 3/18	Revised plan for the year ending 3/18	YoY	Difference with initial plan
Net sales	823	870	426	470	897	73	27
Operating income	54	49	24	35	60	5	11
Operating profit ratio	6.7%	5.6%	5.8%	7.5%	6.7%	—	—

▽ Semiconductor-related segments will perform favorably, and other business segments are also largely expected to do well.

Forecasted Results for the Year Ending 3/18 (9)

Capital Investment / Depreciation & Amortization



(100 million yen)

		Results for the year ending 3/16	Results for the year ending 3/17	Year ending 3/18 Initial plan	Year ending 3/18 Revised plan	Year ending 3/18 First half results
Capital investment	Domestic	135	165	219	251	102
	Overseas	138	91	114	148	50
	Subtotal	273	256	334	400	153
	Non- consolidated	39	58	27	35	9
	Total	313	315	361	435	162
Depreciation & amortization	Domestic	124	128	149	143	63
	Overseas	111	103	101	101	52
	Total	235	231	251	245	115

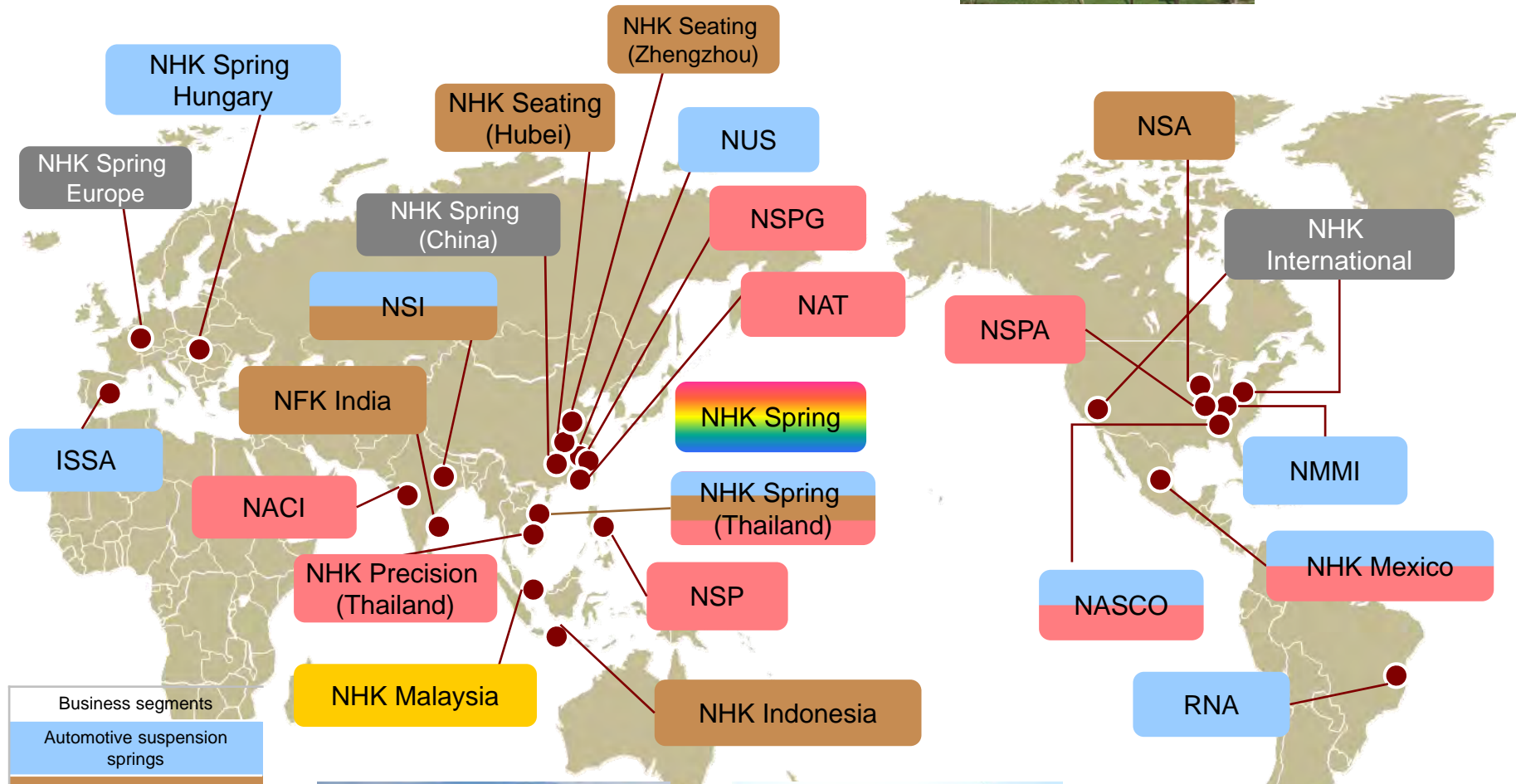


NHK SPRING CO.,LTD.

- The predictions and plans by NHK Spring Co., Ltd. listed in this document are forecasts related to future results and performance, and contain risks and uncertainties. Please note that the actual results may differ from the forecasts due to fluctuations in important variables, such as economic conditions, market trends, foreign exchange trends, and so forth.
- The data listed in this document is included for the purpose of providing information, it is not designed to encourage investment.
- The copyright for this document belongs to NHK Spring Co., Ltd.
The unauthorized reproduction or reprinting of this document is prohibited.

Supplementary Materials

Supplementary Materials: Overseas Expansion Major Overseas Locations



Business segments
Automotive suspension springs
Automotive seating
Precision springs & components
Industrial machinery & others
Regional management / business support
All products



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 2017 are shown in the table below.

Major car makers	Results for the year ending 3/16	Results for the year ending 3/17
Nissan Group	18%	19%
SUBARU Group	15%	16%
Toyota Group	15%	14%
Isuzu Group	6%	6%
Honda Group	4%	4%
Suzuki Group	4%	4%
Mitsubishi Group	2%	2%
Mazda Group	2%	2%
Top 3 companies	48%	49%
Others	52%	51%

[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 2016 and 2017 are shown in the table below.

(Unit: million units)

Calendar year basis	CQ1	CQ2	First half	CQ3	CQ4	Second half	Full year
2016 results	136	145	281	172	177	348	629
<Japan>	60	57	117	65	64	129	246
<China>	37	31	68	42	48	90	158
<Thailand>	40	56	96	64	65	129	225
2017 results	174	149	323	168	—	—	—
<Japan>	65	57	121	69	—	—	—
<China>	44	40	84	29	—	—	—
<Thailand>	65	52	117	71	—	—	—

Fiscal year basis	FQ1	FQ2	First half	FQ3	FQ4	Second half	Full year
2016 results	134	152	286	171	177	348	634
<Japan>	57	65	122	64	65	129	251
<China>	37	31	68	42	48	90	158
<Thailand>	40	56	96	64	65	129	225
2017 results	166	161	327	—	—	—	—
<Japan>	57	69	125	—	—	—	—
<China>	44	40	84	29	—	—	—
<Thailand>	65	52	117	71	—	—	—

Supplementary Materials : Answers to Frequently Asked Questions (3)
HDD-related Results



No. of HDD units (million units)

	CQ1	CQ2	First half	CQ3	CQ4	Second half	Full year
2016 results	101	99	199	114	111	225	424
2017 results	99	97	196	104	—	—	—

Total demand for suspension units (million units)

	CQ1	CQ2	First half	CQ3	CQ4	Second half	Full year
2016 results	399	438	837	471	487	959	1,795
2017 results	439	414	853	434	—	—	—

Suspension count (units)

	CQ1	CQ2	First half	CQ3	CQ4	Second half	Full year
2016 results	3.97	4.45	4.21	4.15	4.37	4.26	4.23
2017 results	4.46	4.26	4.35	4.17	—	—	—

NHK volume (million units)

	CQ1	CQ2	First half	CQ3	CQ4	Second half	Full year
2017 results	174	149	323	168	—	—	—

NHK share (%)

	CQ1	CQ2	First half	CQ3	CQ4	Second half	Full year
2017 results	39.5	36.0	37.8	38.7	—	—	—

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