

# Fiscal 2010 Interim Business Report

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July 13, 2010

**NACHI** NACHI-FUJIKOSHI CORP.

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#### Outline of Operations

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# Management Policy for Fiscal 2010

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## Actual First Half Results and Forecast of Fiscal 2010

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### ○ Profit and Loss Statements

(Unit: 100 mil yen)

	Fiscal 2010 Interim	Fiscal 2010 Forecasts
Net Sales	615	1,335
Operating Income	(5.0%) 30	(5.8%) 78
Ordinary Income	(3.7%) 22	(4.5%) 60
Extraordinary Profit	0	0
Extraordinary Loss	0	2
Net Income	18	47

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# Management Policy for Fiscal 2010

○ Improve performance by securing orders received and sales, and implementing full-scale cost strategies

## I Cultivate Markets in Emerging Nations

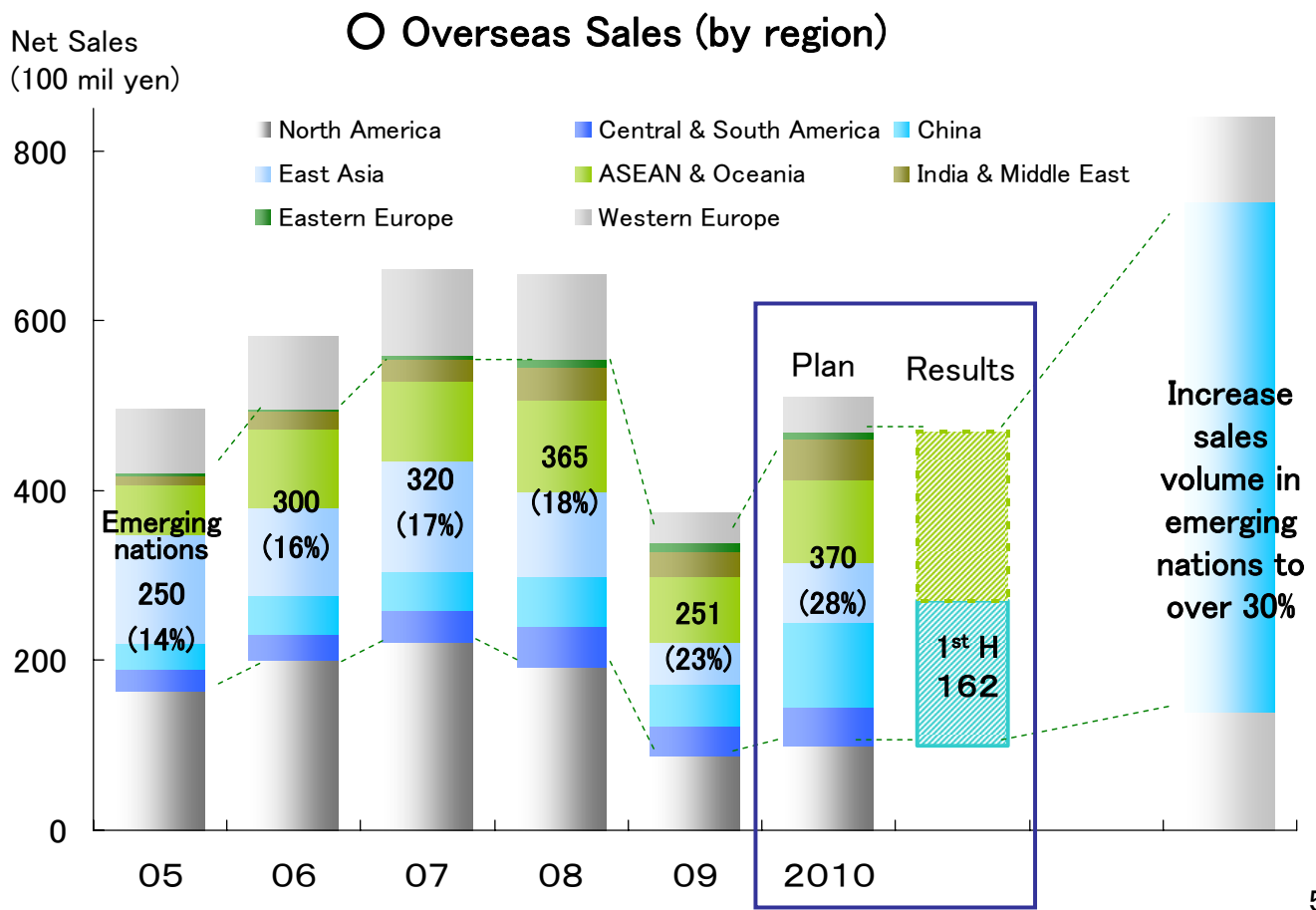
II Expand Energy, Infrastructure, and Environment Related Businesses

III Energize and Leverage Engineering Business

IV 30% Cost Reform

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## Cultivate Markets in Emerging Nations I



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# Cultivate Markets in Emerging Nations II

## Expand local production structure

- Strengthened the production structure in China (Shanghai and Dongguan), Thailand, Brazil and India for bearings, hydraulic equipments and cutting tools

## Strengthened the sales structure for robot and machinery

- Opened "Robot Business Center" in Shanghai, China for sales and technical support for introduction
- Established a team working exclusively for machinery market in China



Shanghai: Strengthened the production structure for bearings, hydraulic units and tools

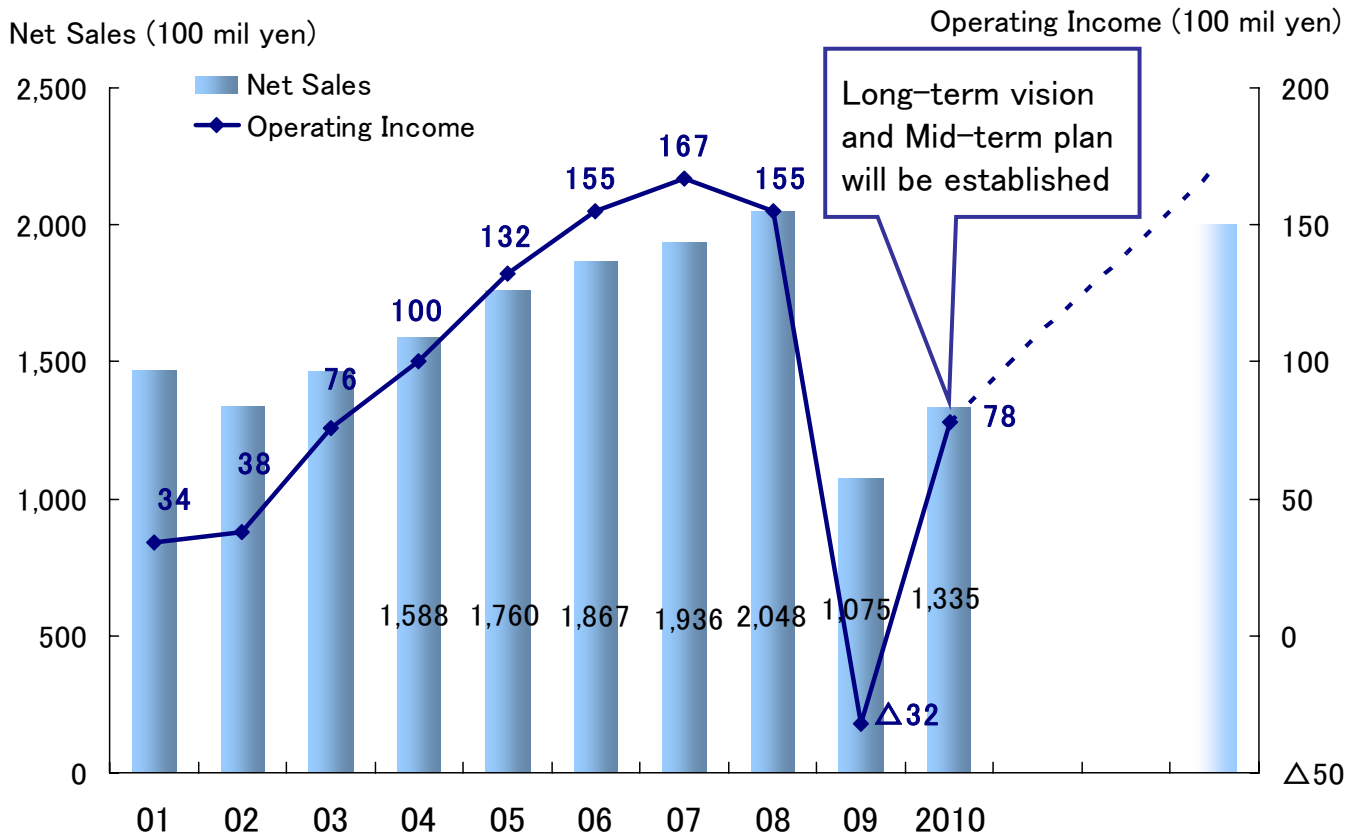


Shanghai: Expanded the hydraulic unit production lines for industrial machinery in addition to construction machinery



Expanded production capabilities for CVJ bearings in Dongguan

# Strategic Positioning for Fiscal 2010



# Overview of Interim Results of Fiscal 2010

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## Summary of Interim Results of Fiscal 2010 **Mid' 10**

### ○ Profit and Loss Statements

(Unit: 100 mil yen)

	Fiscal 2009 Interim (A)	Fiscal 2010 Interim (B)	Changes (B) - (A)
Net Sales	554	615	(+11.0%) +60
Operating Income	(Δ3.2%) Δ17	(5.0%) 30	— +48
Ordinary Income	(Δ5.3%) Δ29	(3.7%) 22	— +51
Extraordinary Profit	0	0	0
Extraordinary Loss	3	0	Δ3
Net Income	Δ47	18	— +65

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# B/S and management indicators

Mid' 10

(Unit: 100 mil yen)

	Fiscal 2009 Interim (A)	Fiscal 2010 Interim (B)	Changes (B)-(A)
Total Assets	1,792	1,779	△12
Shareholders' Equity (equity capital ratio)	(29.4%) 526	(27.8%) 495	△31
Debt with Interest (net D/E ratio)	(1.2x) 864	(1.0x) 807	△56
Capital Expenditures	48	27	△20
Depreciation Cost	46	45	△1
Human Resources	5,586 jobs	5,374 jobs	△212 jobs
Exchange rate (US\$) (EUR)	95 yen 124 yen	90 yen 129 yen	5 yen appreciation 5 yen depreciation

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# Cash Flows

Mid' 10

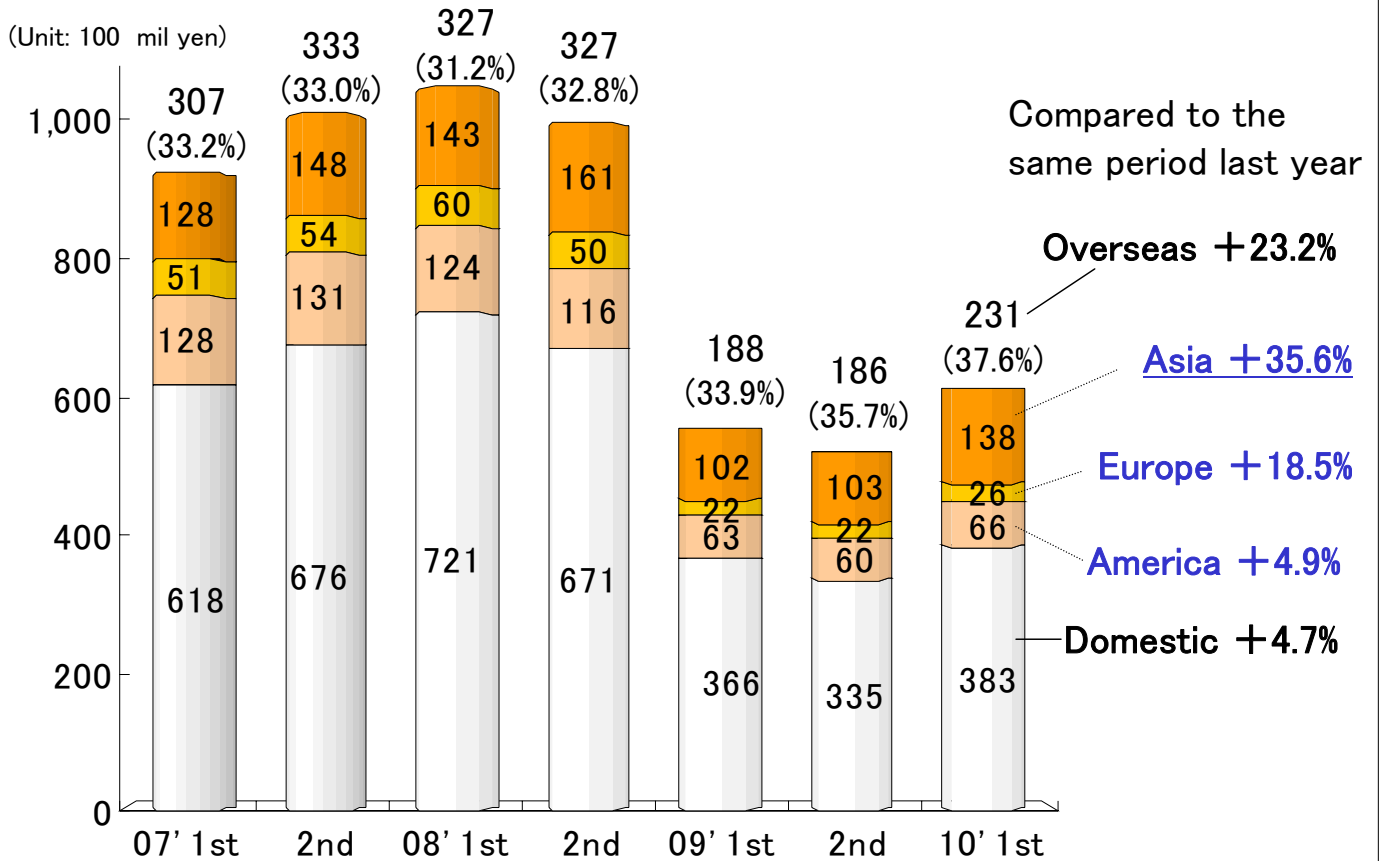
(Unit: 100 mil yen)

	Fiscal 2009 Interim (A)	Fiscal 2010 Interim (B)	Changes (B)-(A)
Cash flows from operating activities (a)	△93	122	+216
(Internally-generated funds)	(10)	(78)	+68
(Working capital)	(△97)	(44)	+141
(Taxes paid and other)	(△6)	(0)	+6
Cash flows from investing activities (b)	△49	△39	+10
Free cash flows (a+b)	△143	83	+226
Cash flows from financing activities	243	△74	△318
Net increase ( decrease ) in cash and cash equivalents	96	10	
cash and cash equivalents	224	293	+68

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# Sales by Geographical Segment

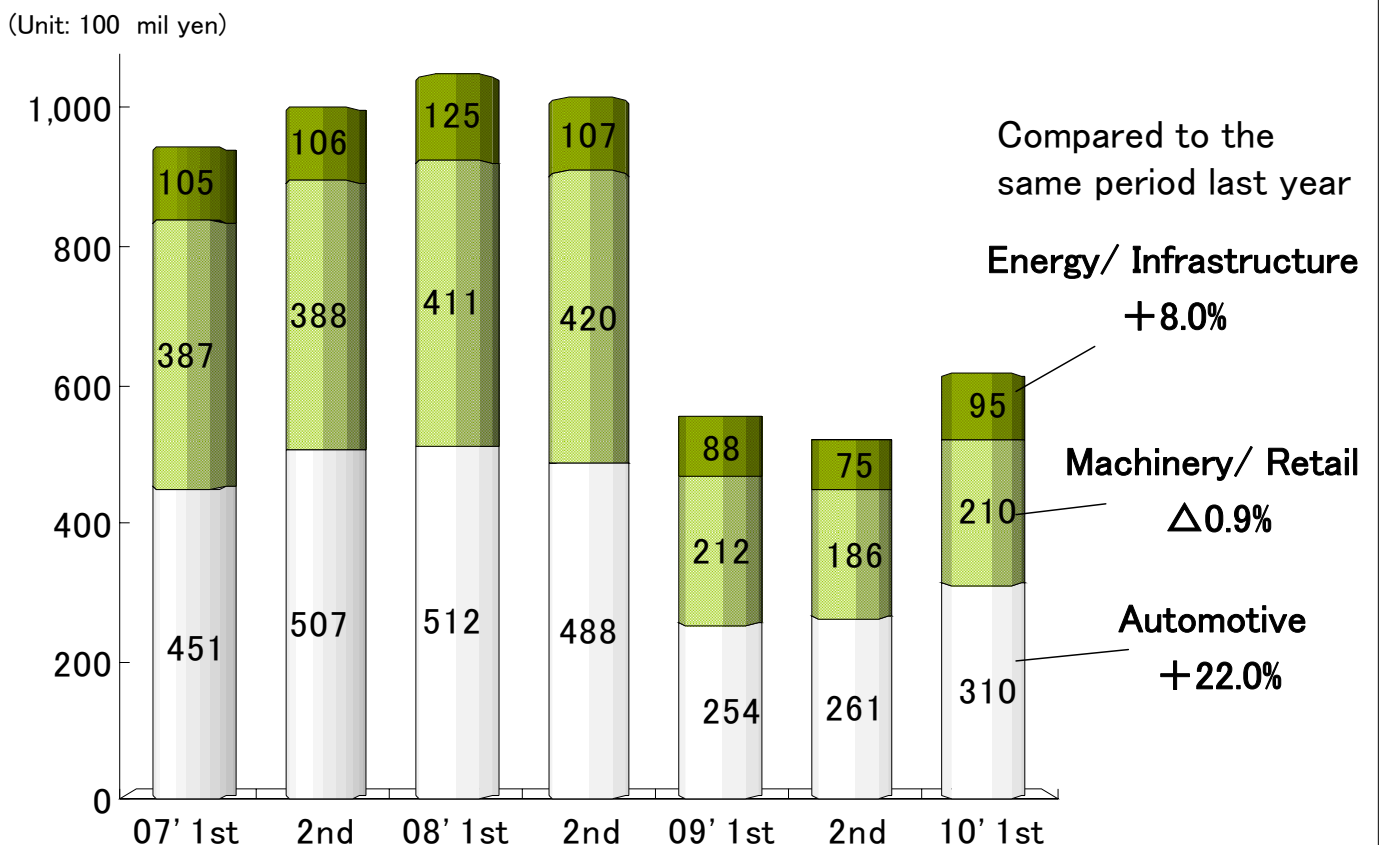
Mid' 10



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# Sales by Industry Segment

Mid' 10

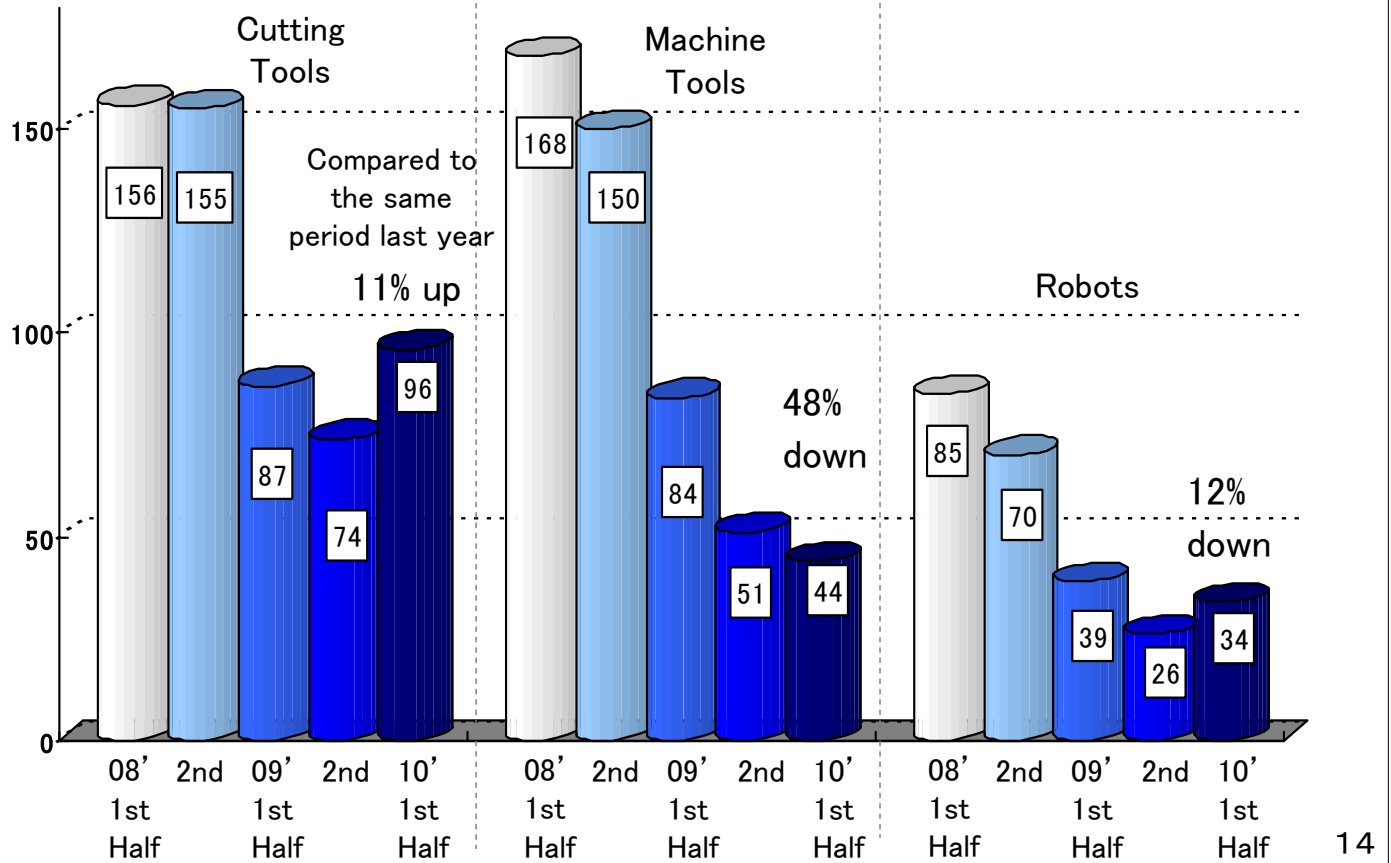


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# Sales by Business Segments (Cutting Tools & Machines)

(Unit: 100 mil yen)

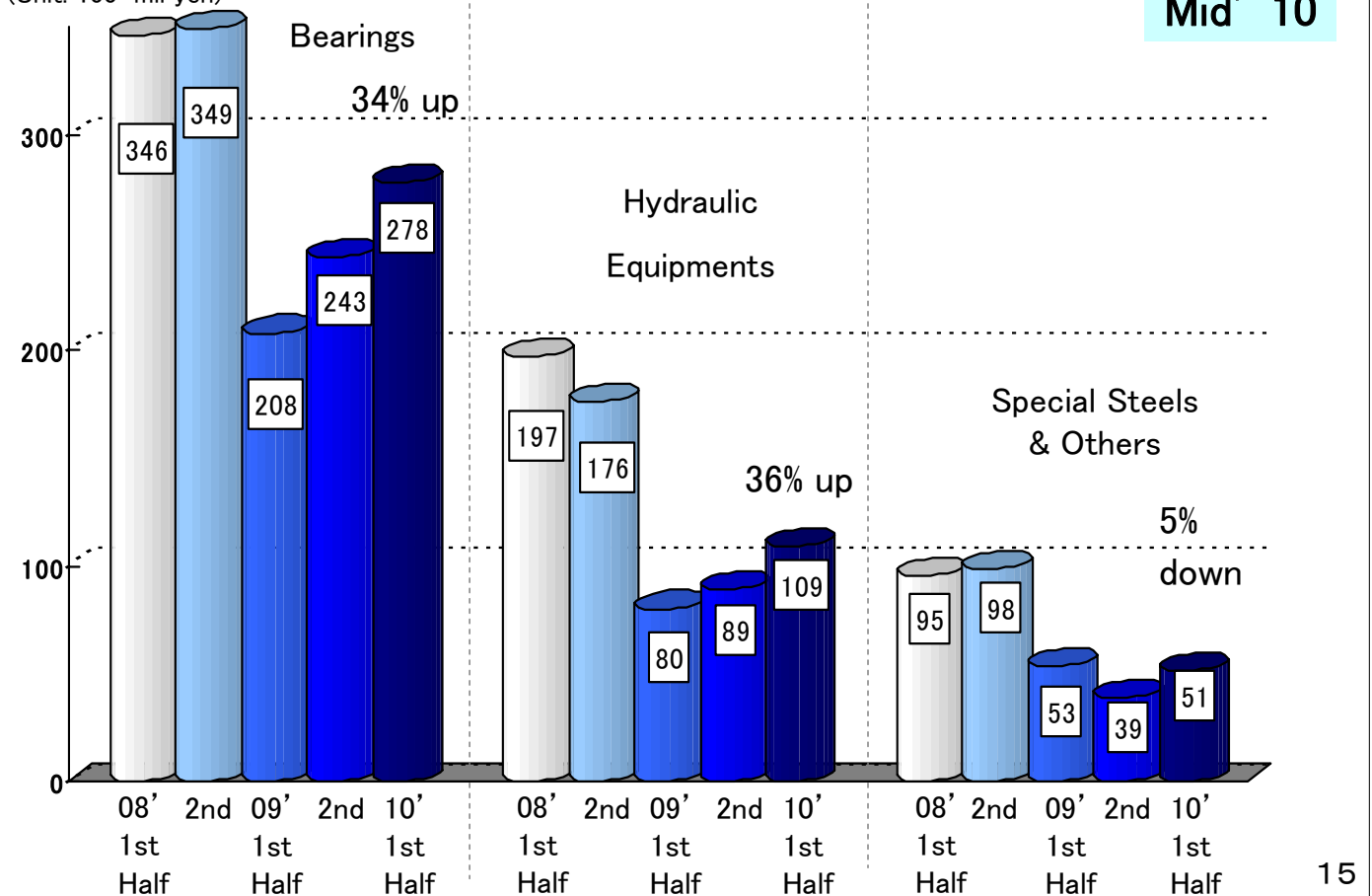
Mid' 10



# Sales by Business Segments (Components & Special Steels)

(Unit: 100 mil yen)

Mid' 10





# Net Sales & Operating Profits by Business Segments Mid' 10

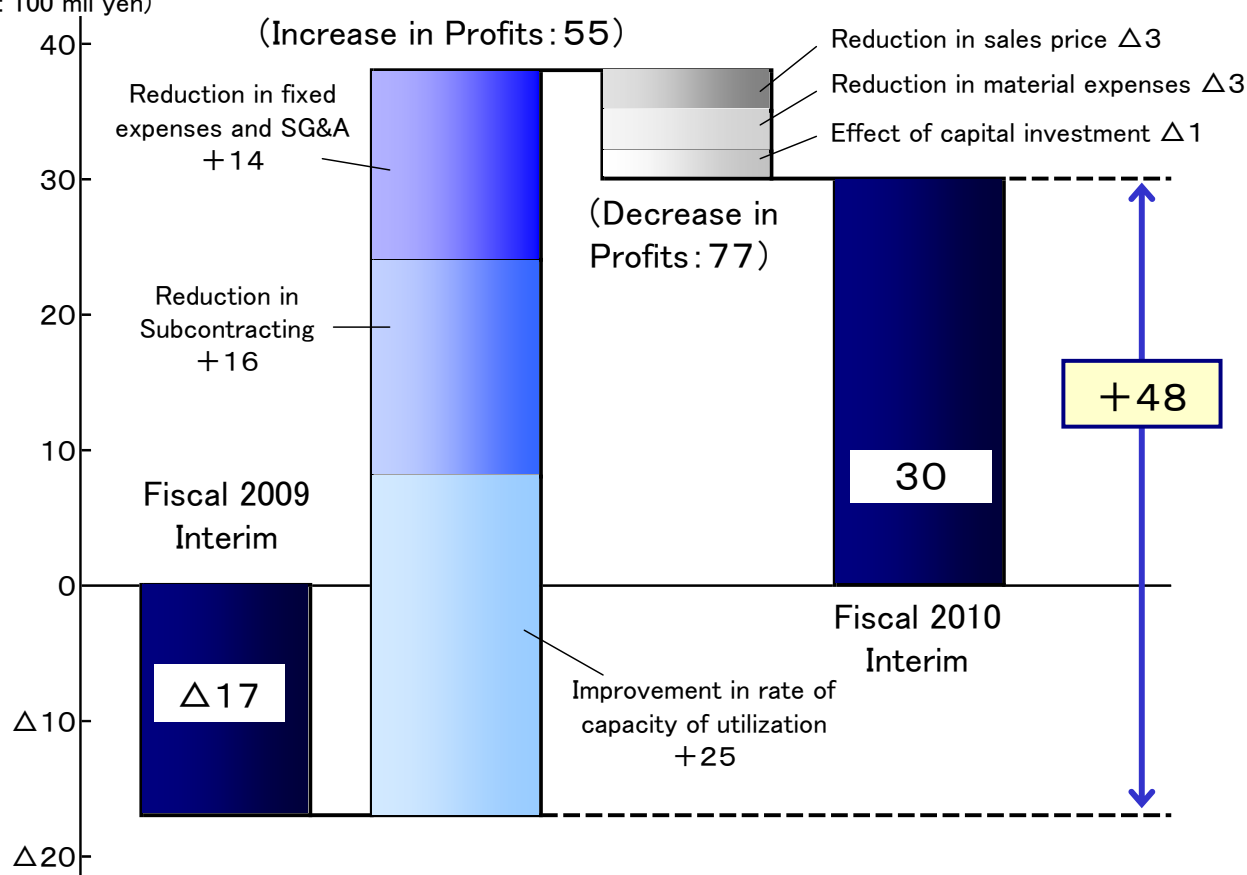
(Unit: 100 mil yen)

	Fiscal 2009 Interim (A)	Fiscal 2010 Interim (B)	Changes (%) (B)−(A)	
<b>Tools &amp; Machines</b>				
Net Sales	211	175	(Δ16.9%)	Δ35
Operating Income	(Δ3.0%) Δ6	(Δ0.8%) Δ1	—	+4
<b>C o m p o n e n t s</b>				
Net Sales	289	388	(+34.2%)	+99
Operating Income	(Δ5.2%) Δ15	(7.1%) 27	—	+42
<b>O t h e r s</b>				
Net Sales	53	51	(Δ4.7%)	Δ2
Operating Income	(5.3%) 2	(8.3%) 4	(+48.4%)	+1
<b>Total Net Sales</b>	<b>554</b>	<b>615</b>	<b>(+11.0%)</b>	<b>+60</b>
<b>Total Operating Income</b>	<b>(Δ3.2%) Δ17</b>	<b>(5.0%) 30</b>	<b>—</b>	<b>+48</b>

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# Factors of Fluctuating Sales Profits Figures Mid' 10

(Unit: 100 mil yen)



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# Forecast of Results for Fiscal 2010

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## Management Plan of Fiscal 2010

FY' 10

(Unit: 100 mil yen)

	Fiscal 2009 Performance(A)	Fiscal 2010 Forecast(B)	Changes (B) - (A)
Net Sales	1,075	1,335	(+24.1%) +259
Operating Income	(Δ3.0%) Δ32	(5.8%) 78	- +110
Ordinary Income	(Δ4.7%) Δ50	(4.5%) 60	- +110
Extraordinary Profit	7	0	Δ7
Extraordinary Loss	13	2	Δ11
Net Income	Δ74	47	- +121

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(Unit: 100 mil yen)

	Fiscal 2009 Performance (A)	Fiscal 2010 Performance (B)	Changes (B)-(A)
Total Assets	1,762	1,780	+17
Shareholders Equity (equity capital ratio)	(26.8%) 471	(29.5%) 525	+53
Debt with Interest (net D/E ratio)	(1.4x) 874	(0.9x) 742	△131
Capital Expenditures	80	60	△20
Depreciation Expense	95	92	△3
Human Resource	5,351 jobs	5,400 jobs	+49 jobs
Exchange rate (US\$) (EUR)	95 yen 129 yen	90 yen 120 yen	5 yen appreciated 9 yen appreciated

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## Examples of capital investment

### ○ Domestic capital investment

mainly for energy savings and rationalization (contributing to cost savings)

#### I Reusing and recycling cutting fluid and chips in each plant



#### II Replacing the hydraulic units for machine tools in our group companies with energy-saving units



<Compared to the previous models>

- 50% power consumption reduction
- Maximum 90% reduction
- 30% lower oil temperature
- 60% less volume of oil



Used for processing bearing parts and in high precise pressing machinery

90% power consumption reduction achieved by a customer

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# Cash Flows

FY' 10

(Unit: 100 mil yen)

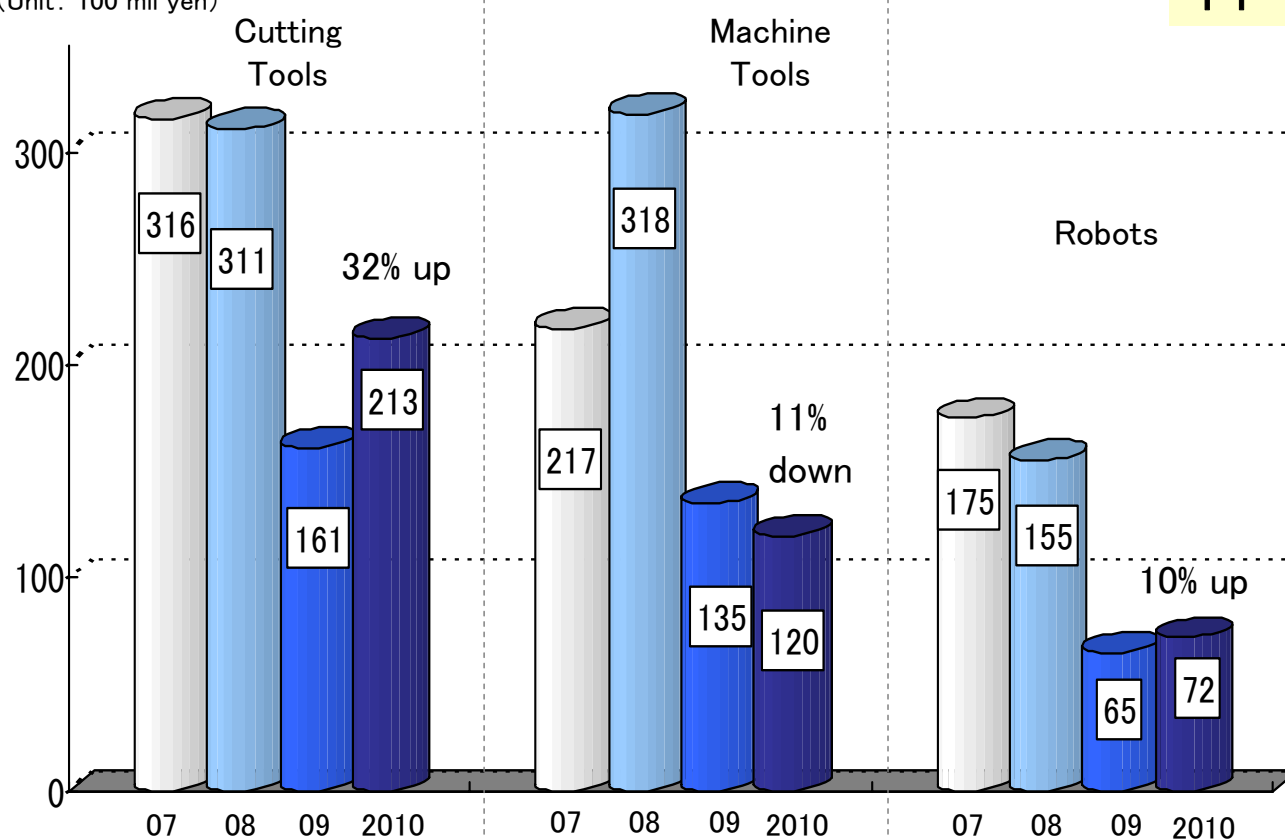
	Fiscal 2009 Performance (A)	Fiscal 2010 Forecast (B)	Changes (B)-(A)
Cash Flows from operating activities (a)	Δ21	192	+214
(Internally-generated funds)	(40)	(150)	+110
(Working capital)	(5)	(22)	+17
(Taxes paid and other)	(Δ67)	(20)	+87
Cash flows from investing activities (b)	Δ83	Δ70	+13
Free Cash flows (a+b)	Δ105	122	+227
Cash flows from financing activities	264	Δ141	Δ406
Net increase (decrease) in cash and cash equivalents	154	Δ17	
cash and cash equivalents	282	265	Δ17

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# Sales by Business Segments (Cutting Tools & Machines)

FY' 10

(Unit: 100 mil yen)

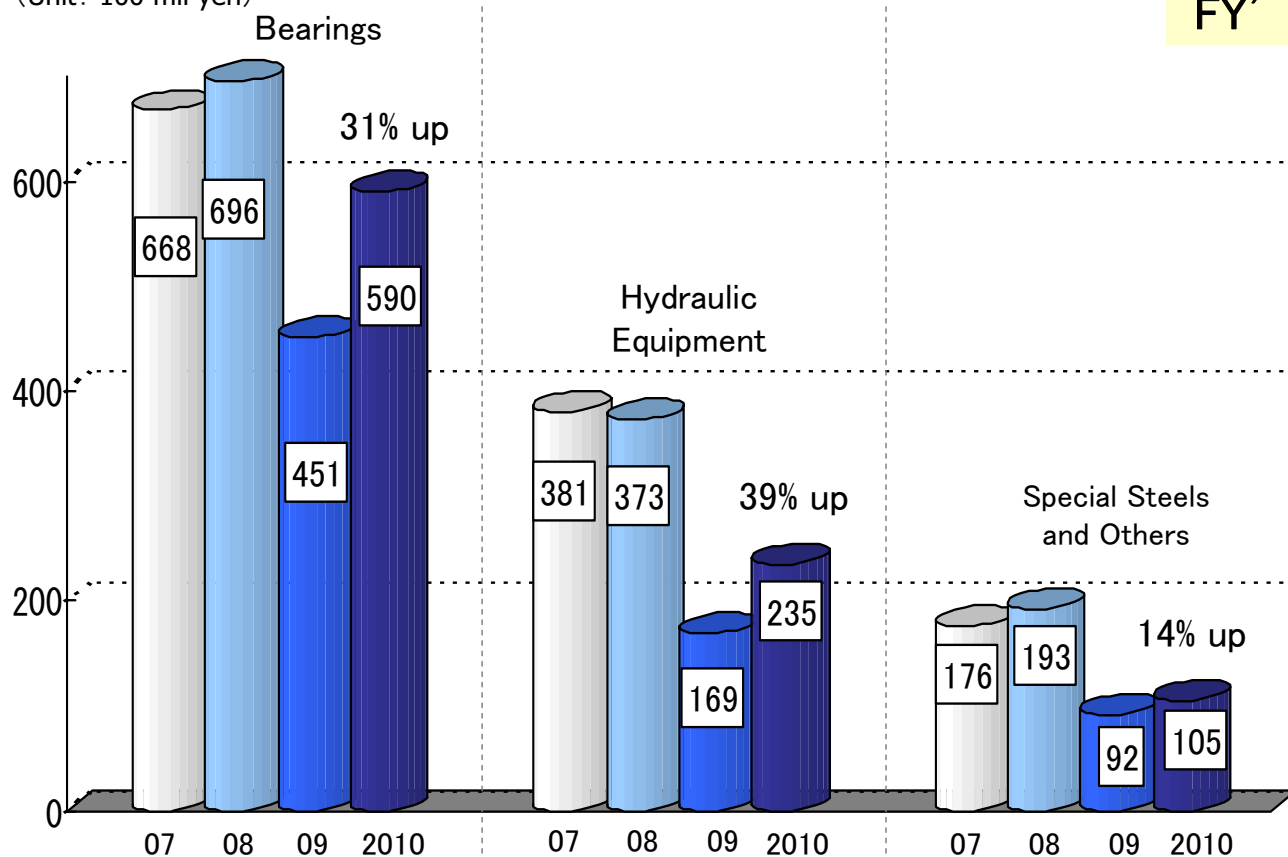


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# Sales by Business Segments (Components & Special Steels)

(Unit: 100 mil yen)

FY' 10



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# Net Sales & Operating Profits by Business Segments FY' 10

(Unit: 100 mil yen)

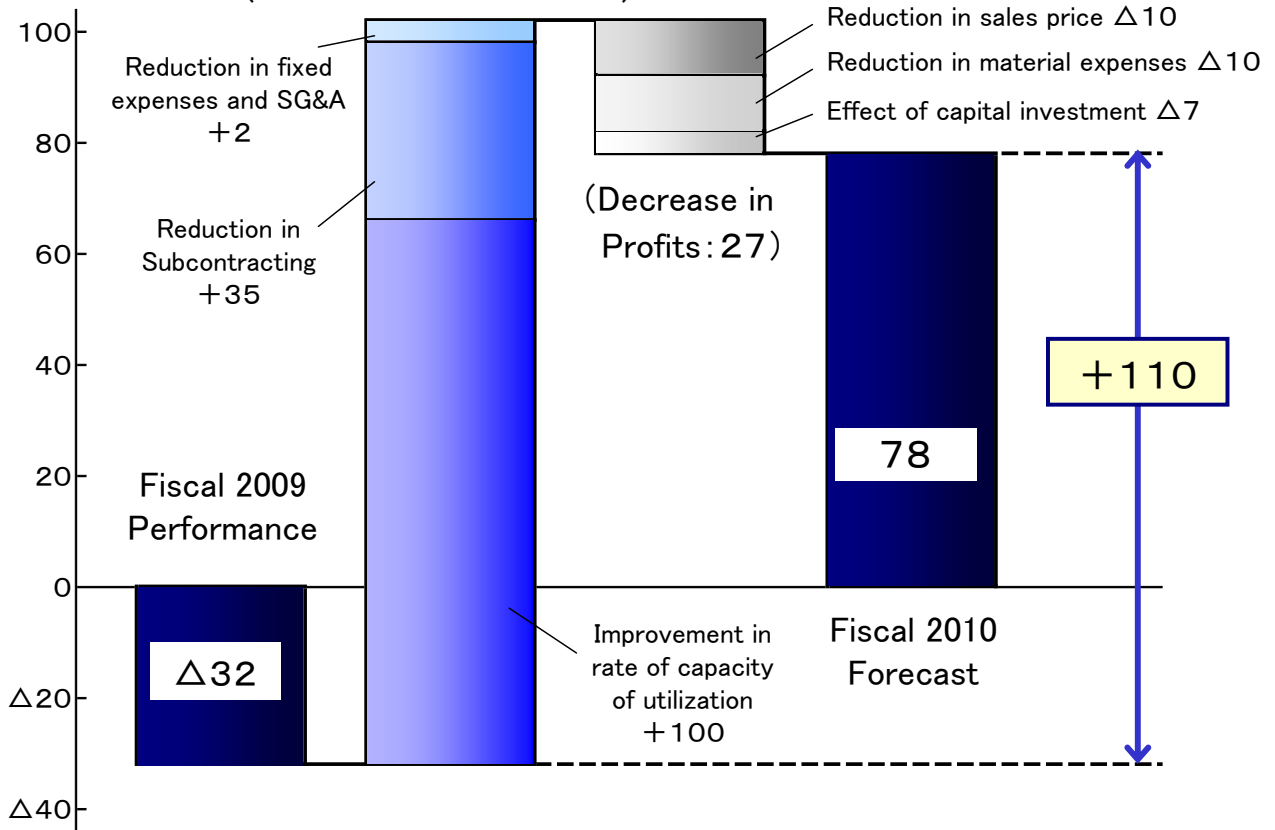
	Fiscal 2009 Interim (A)	Fiscal 2010 Interim (B)	Changes (%) (B)-(A)	
<b>Tools &amp; Machines</b>				
Net Sales	362	405	(+11.8%)	+42
Operating Income	(Δ5.0%) Δ18	(1.5%) 6	-	+24
<b>Components</b>				
Net Sales	621	825	(+32.8%)	+203
Operating Income	(Δ1.6%) Δ9	(7.5%) 62	-	+71
<b>Others</b>				
Net Sales	92	105	(+13.8%)	+12
Operating Income	(Δ5.5%) Δ5	(9.5%) 10	-	+15
<b>Total Net Sales</b>	1,075	1,335	(+24.1%)	+259
<b>Total Operating Income</b>	(Δ3.0%) Δ32	(5.8%) 78	-	+110

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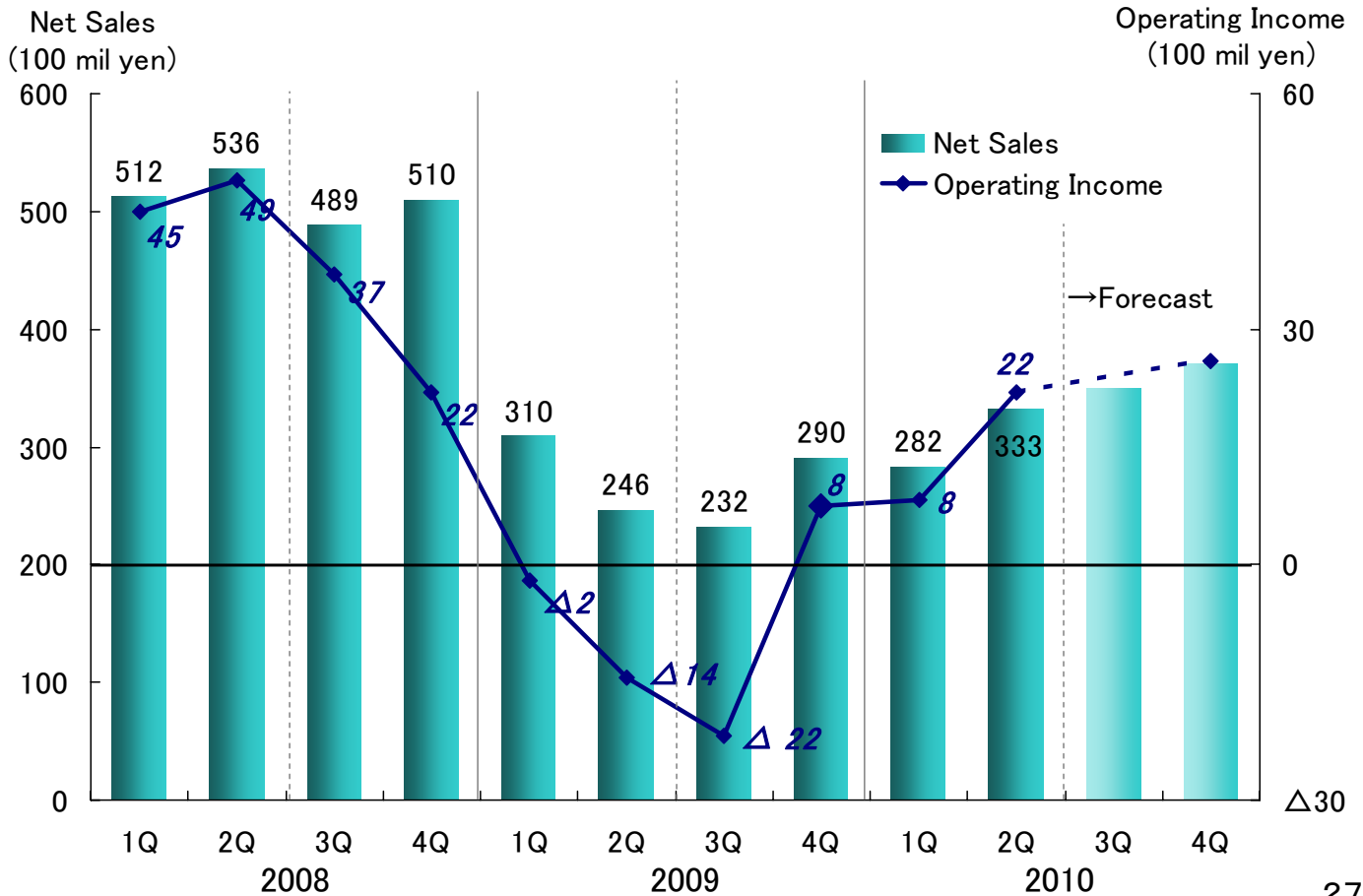
# Factors of Fluctuating Sales Profit Figures FY' 10

(Unit: 100 mil yen)

(Increase in Profits: 137)



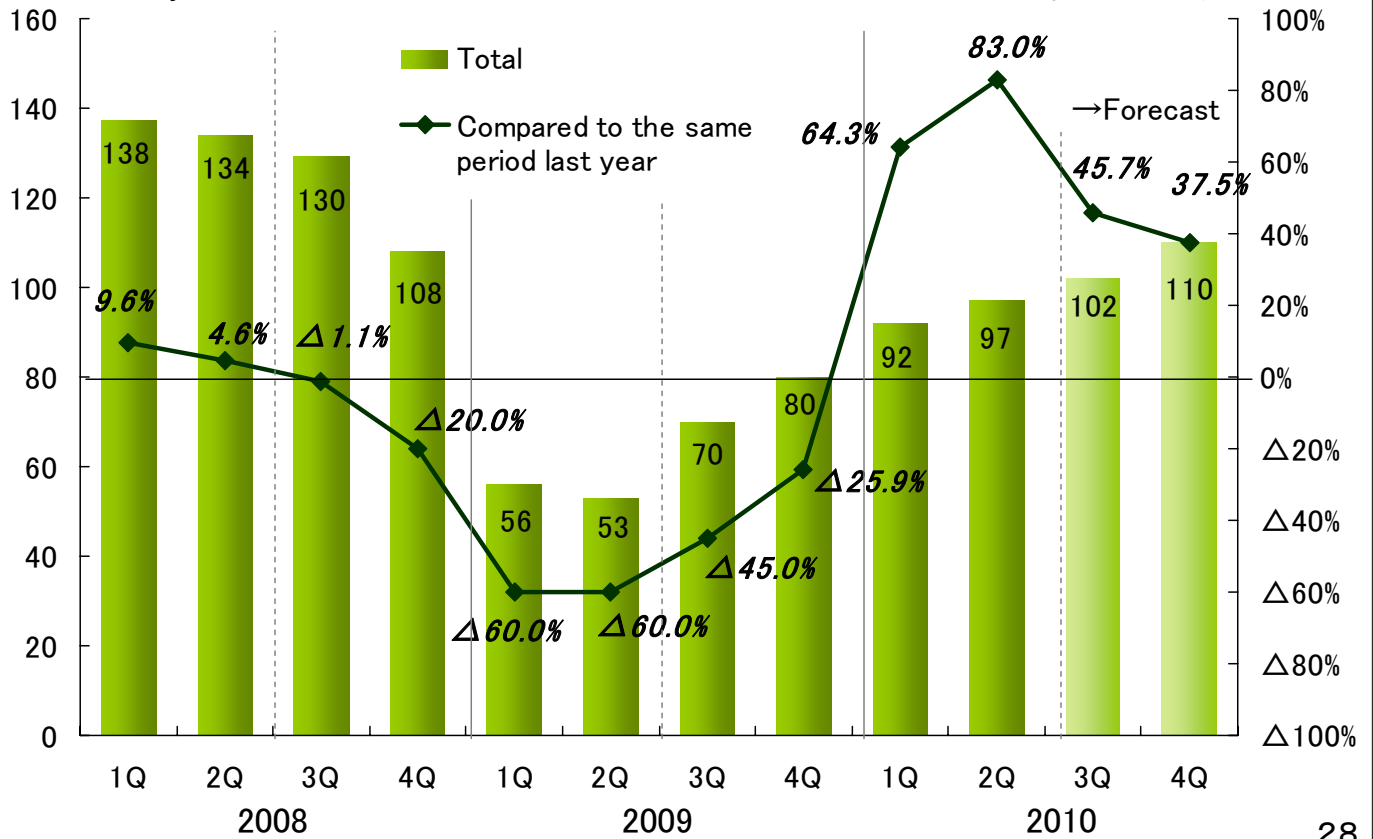
# [Reference] Trends by Fiscal Quarter FY' 10



# [Reference] Order Trends (Non-consolidated) FY' 10

Monthly averaged Order  
(100 mil yen)

Compared to the same  
period last year



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# NACHI

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