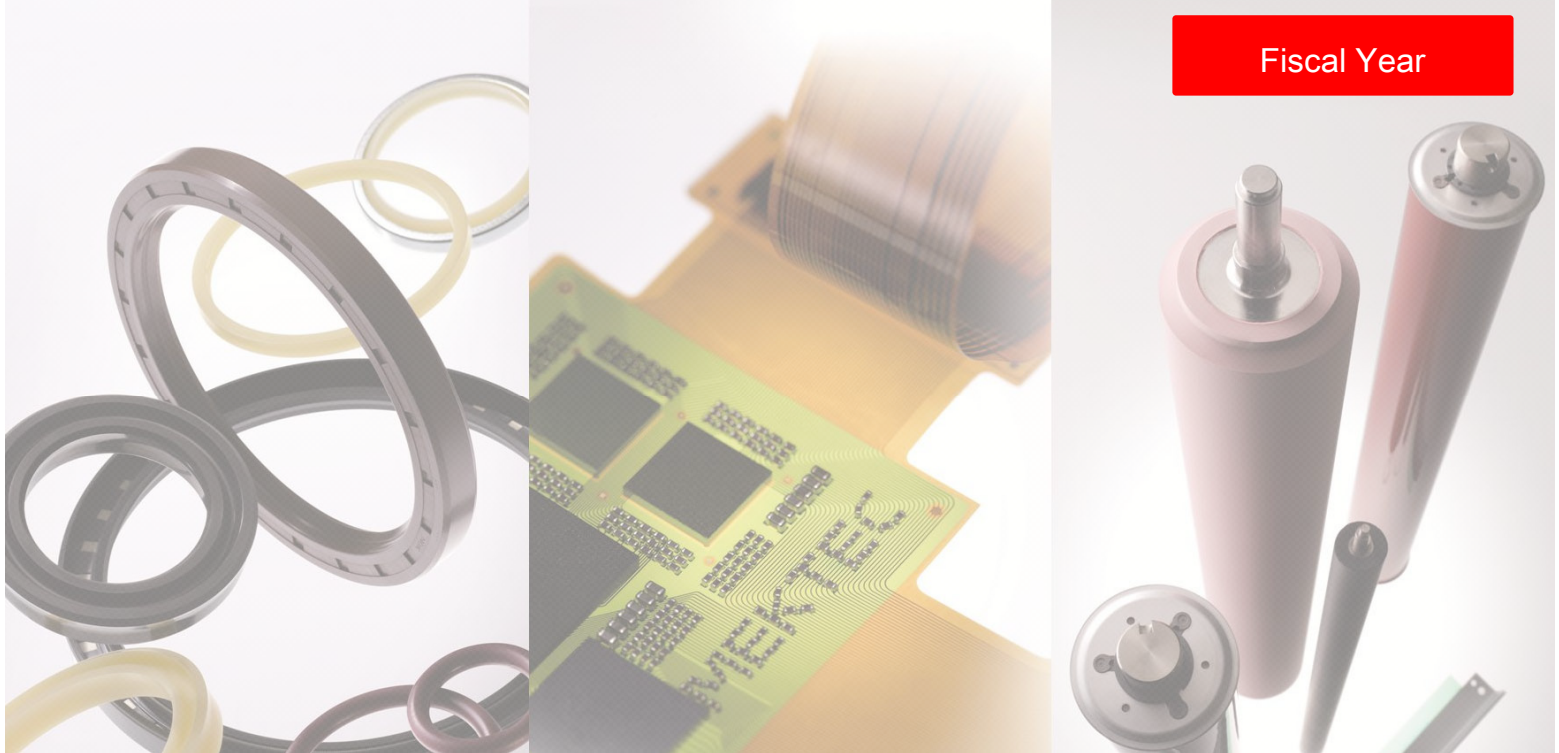




Financial Results for the Fiscal Year Ended March 31, 2019

NOK CORPORATION (7240 / TSE1)

May 13, 2019



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- ◆ Any plans, targets, forecasts, strategies, policies and opinions relating to NOK CORPORATION or NOK Group companies or other information contained in these materials that are not historical facts constitute forward-looking statements. The content of such statements is based on the best information available to management at the time of publication. Actual performance may differ substantially from projections due to changes in a number of important factors implying risk and uncertainty with the potential to affect results, including economic conditions across operating regions, prices and foreign exchange rates.
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- ◆ Page13 Medium-Term Management Plan
- ◆ Page17 Financial Results by Business Segment for the Fiscal Year Ended March 31, 2019
- ◆ Page25 Financial Forecasts by Business Segment for the Fiscal Year Ending March 31, 2020
- ◆ Page34 Business Overview by Industry and by Region
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Financial Results for the Fiscal Year Ended March 31, 2019



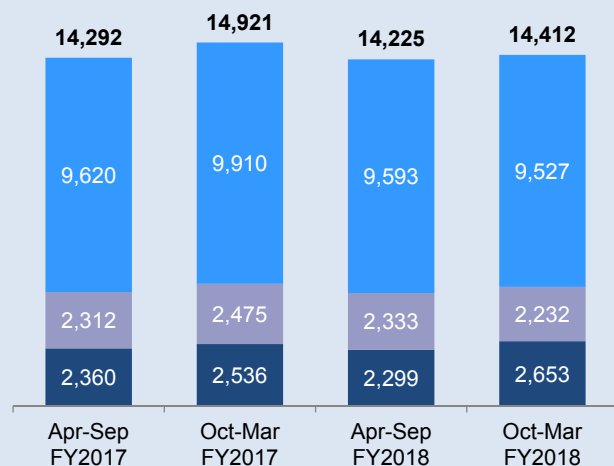


The Market Trend Surrounding the NOK Group

Motor Vehicle Production

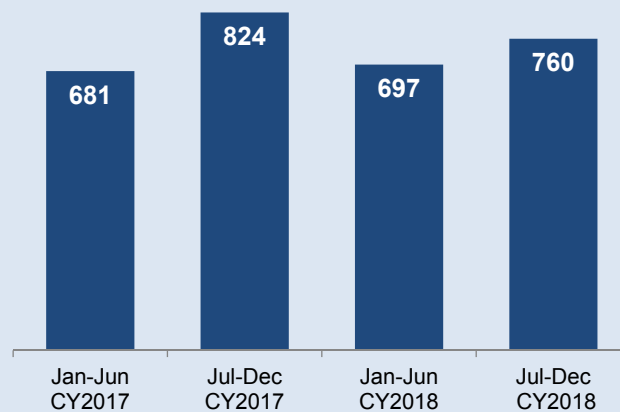
(Thousands of units)

■ Domestic ■ Export ■ Overseas Production



Smartphone Worldwide Shipments

(Millions of units)



Source: Estimates by NOK CORPORATION



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NOK Business Overview for the Fiscal Year Ended March 31, 2019

NOK Business Overview

Seal Business

Sales for automobile applications grew as demand for light vehicles in Japan and demand in Southeast Asia remained resilient. Sales to manufacturers of general industrial machinery increased on the back of stable demand from manufacturers of construction machinery, machine tools, and robots. Operating income decreased due to an increase in personnel and SG&A expenses as well as depreciation.

Electronic Product Business

Overall sales decreased. While sales for automotive applications remained strong, sales for high-performance smartphone applications dropped due to a decrease in production volume. Operating income decreased due to lower sales, etc. (operating loss).

Roll Business

Overall sales decreased as demand from manufacturers of office machinery declined driven by production adjustment although demand from manufacturers of ATMs and other terminals operated by financial institutions and textile machinery increased. Operating income decreased due to lower sales (operating loss).



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Financial Results for the Fiscal Year Ended March 31, 2019

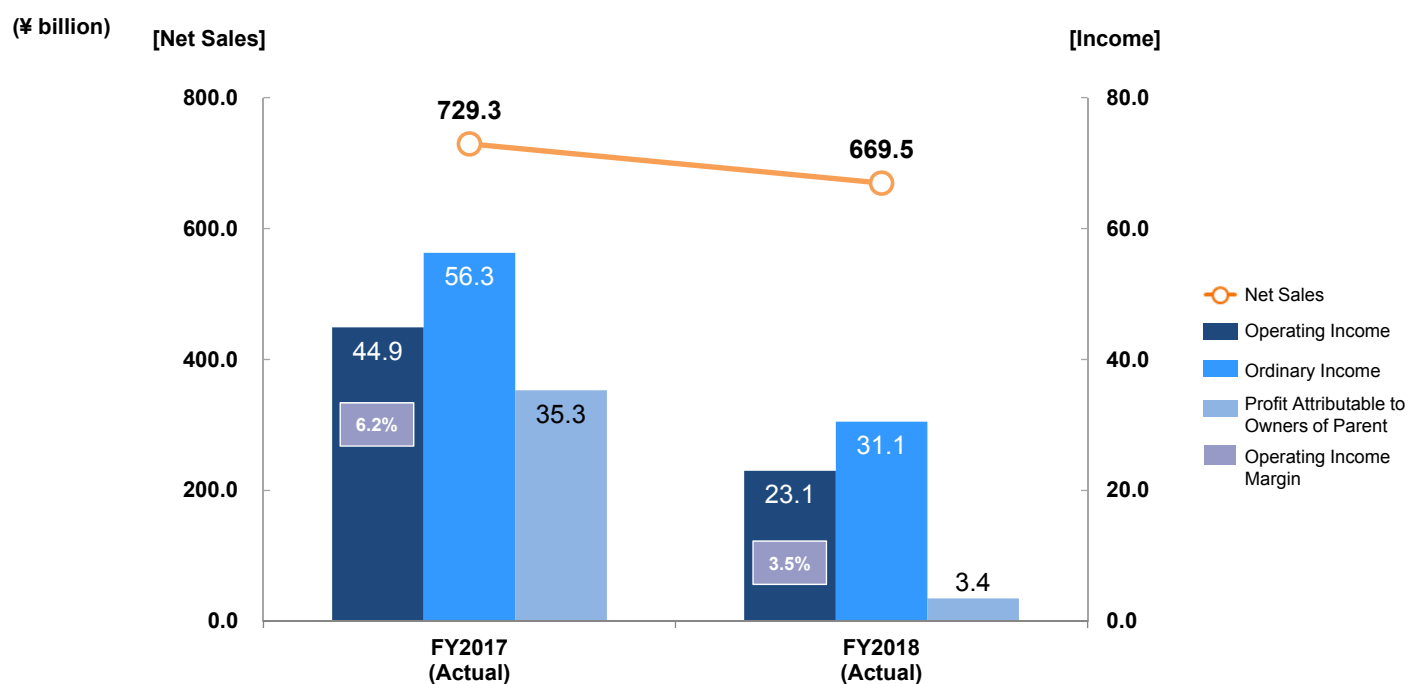
(¥ billion)	FY2017 Actual	FY2018 Actual	YoY Changes	
			Amount	Ratio
Net Sales	729.3	669.5	(59.9)	(8.2%)
Operating Income	44.9	23.1	(21.8)	(48.5%)
Ordinary Income	56.3	31.1	(25.2)	(44.7%)
Profit Attributable to Owners of Parent	35.3	3.4	(31.9)	(90.3%)
Operating Income Margin	6.2%	3.5%	(2.7pt)	—
Capital Investment	58.4	70.1	11.7	—
Depreciation	44.0	46.8	2.9	—
Average Exchange Rate* (Yen/dollar)	111.11	110.51	(0.6)	—
No. of Employees	43,529	42,251	(1,278)	—



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Financial Results for the Fiscal Year Ended March 31, 2019 [vs. FY2017]



Average Exchange Rate
(Yen/\$)

111.11

110.51



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Financial Forecasts for the Fiscal Year Ending March 31, 2020

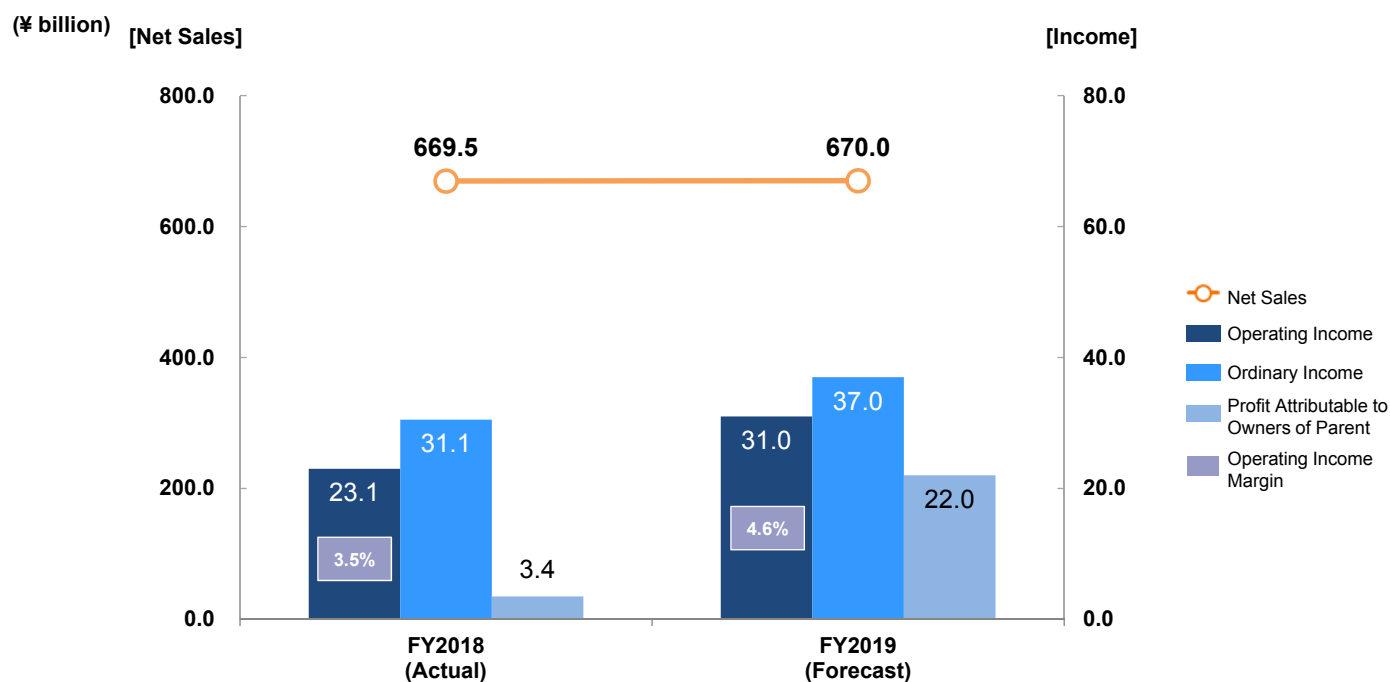
(¥ billion)	FY2018 Actual Full Year	FY2019 Forecasts		YoY Changes	
		H1	Full Year	Amount	Ratio
Net Sales	669.5	315.0	670.0	0.5	0.1%
Operating Income	23.1	5.5	31.0	7.9	34.0%
Ordinary Income	31.1	7.9	37.0	5.9	18.8%
Profit Attributable to Owners of Parent	3.4	3.5	22.0	18.6	543.4%
Operating Income Margin	3.5%	1.7%	4.6%	1.2pt	—
Capital Investment	70.1	35.1	62.7	(7.4)	—
Depreciation	46.8	22.6	46.2	(0.6)	—
Average Exchange Rate* (Yen/dollar)	110.51	110.00	110.00	(0.51)	—
No. of Employees	42,251	43,055	41,571	(680)	—



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Financial Forecasts for the Fiscal Year Ending March 31, 2020 [vs. FY2018]



Average Exchange Rate
(Yen/\$)

110.51

110.00



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FY2017

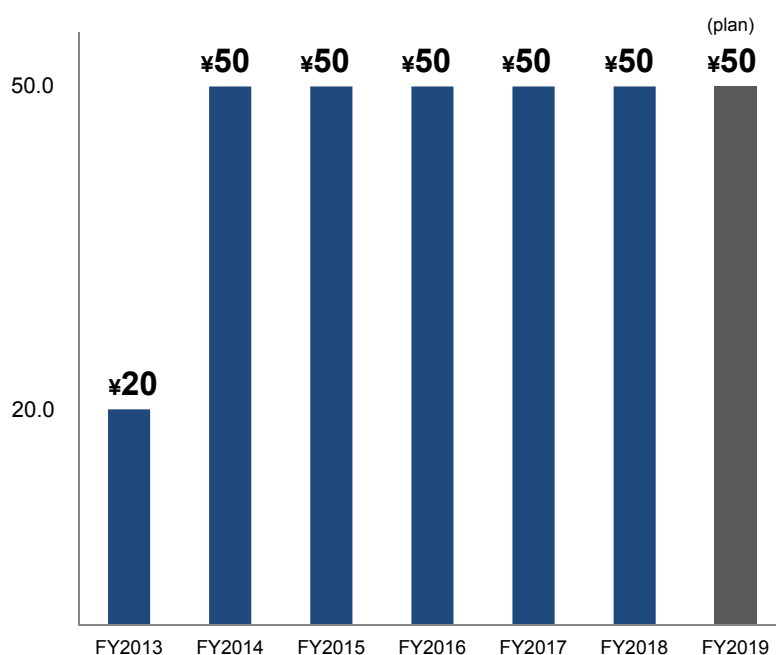
Annual Dividend Payout Ratio
¥50 24.5%

FY2018

Annual Dividend Payout Ratio
¥50 252.9%

FY2019 (plan)

Annual Dividend Payout Ratio
¥50 39.3%



Medium-Term Management Plan



Three-Year Plan (FY2017–FY2019)

Slogan

Reinforcing Business Structure for Sustainable Growth

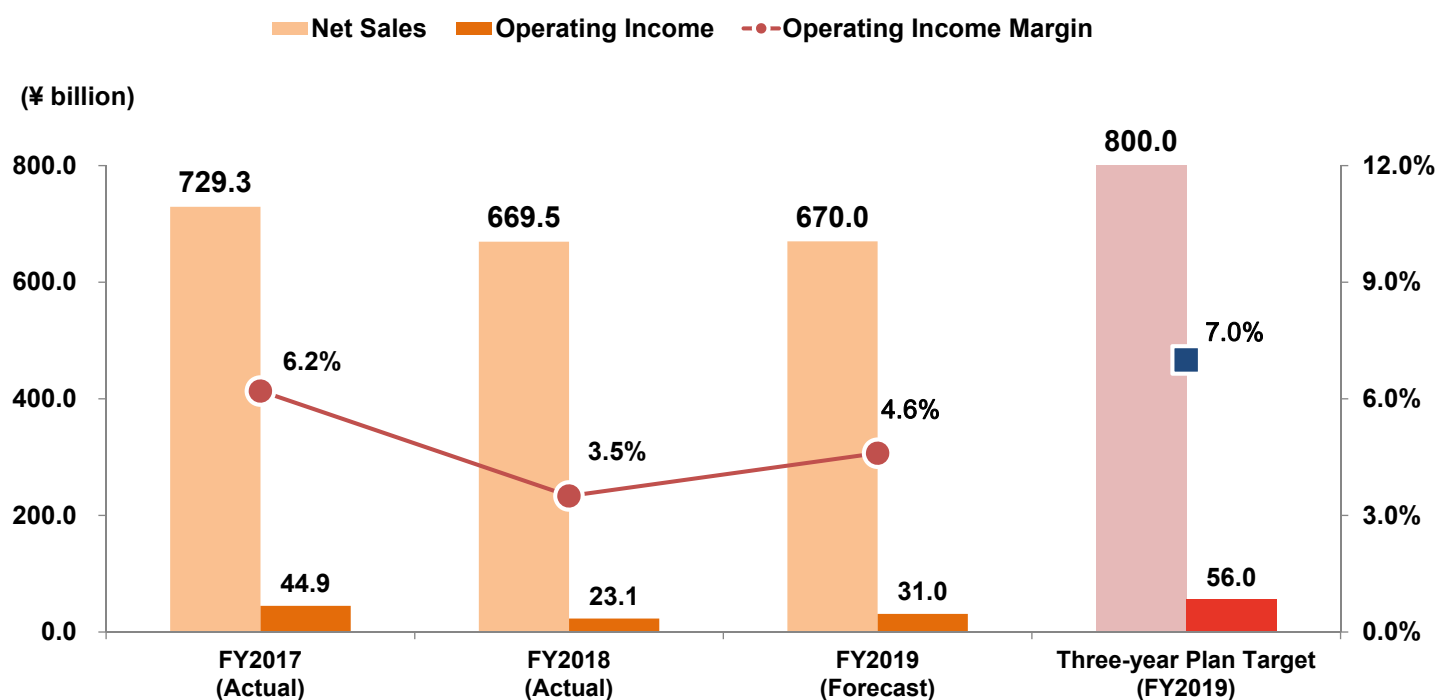
Initiatives

1. Building well-balanced customer mix
— Targeting sales expansion and new business creation
2. Achieving sustainable unrivalled quality
3. Establishing practical and effective business continuity management (BCM)
4. Implementing management spirit that respects human dignity
— Fostering vibrant people and workplace



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»» Outline of Three-year Plan



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Financial Results by Business Segment for the Fiscal Year Ended March 31, 2019

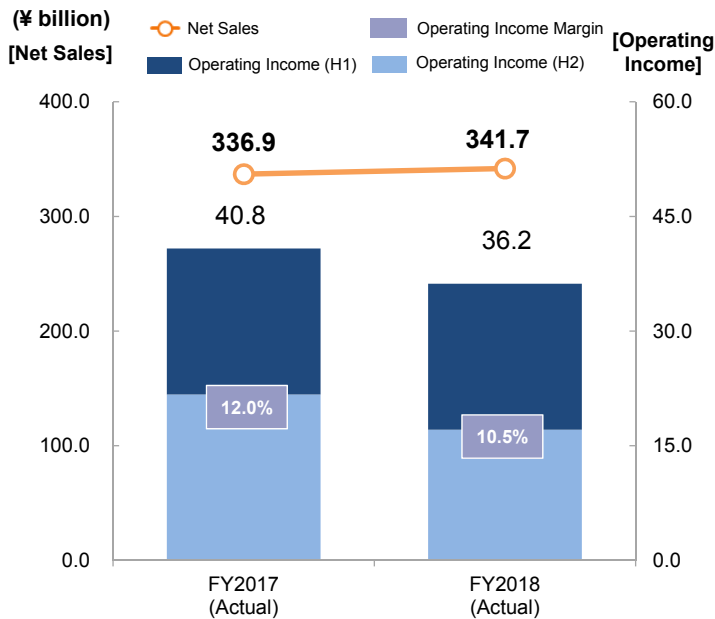


» Financial Results by Business Segment for the Fiscal Year Ended March 31, 2019

(¥ billion)		FY2017 Actual	FY2018 Actual	YoY Changes	
				Amount	Ratio
Seal Business	Net Sales	336.9	341.7	4.8	1.4%
	Operating Income	40.8	36.2	(4.6)	(11.3%)
Electronic Product Business	Net Sales	361.1	297.4	(63.7)	(17.6%)
	Operating Income (Loss)	3.0	(14.2)	(17.1)	—
Roll Business	Net Sales	20.8	20.1	(0.8)	(3.6%)
	Operating Income (Loss)	(0.0)	(0.1)	(0.1)	—
Others	Net Sales	10.5	10.4	(0.2)	(1.8%)
	Operating Income	1.1	1.2	0.1	9.4%
Total	Net Sales	729.3	669.5	(59.9)	(8.2%)
	Operating Income	44.9	23.1	(21.8)	(48.5%)



Seal Business: Financial Results [vs. FY2017]



FY2018 Results

Net Sales ¥341.7 bn (+¥4.8 bn YoY)

- Sales of light vehicles in Japan were strong.
- Sales of Japanese automobiles in South East Asia were strong.
- Sales of general industrial machinery, such as construction machinery, were stable.

Operating Income ¥36.2 bn (-¥4.6 bn YoY)

- Sales increased.
- Personnel and SG&A expenses increased.
- Depreciation increased.

Capital Investment	¥32.1 bn	¥41.5 bn
Depreciation	¥18.9 bn	¥21.2 bn
No. of Employees	20,165	21,293

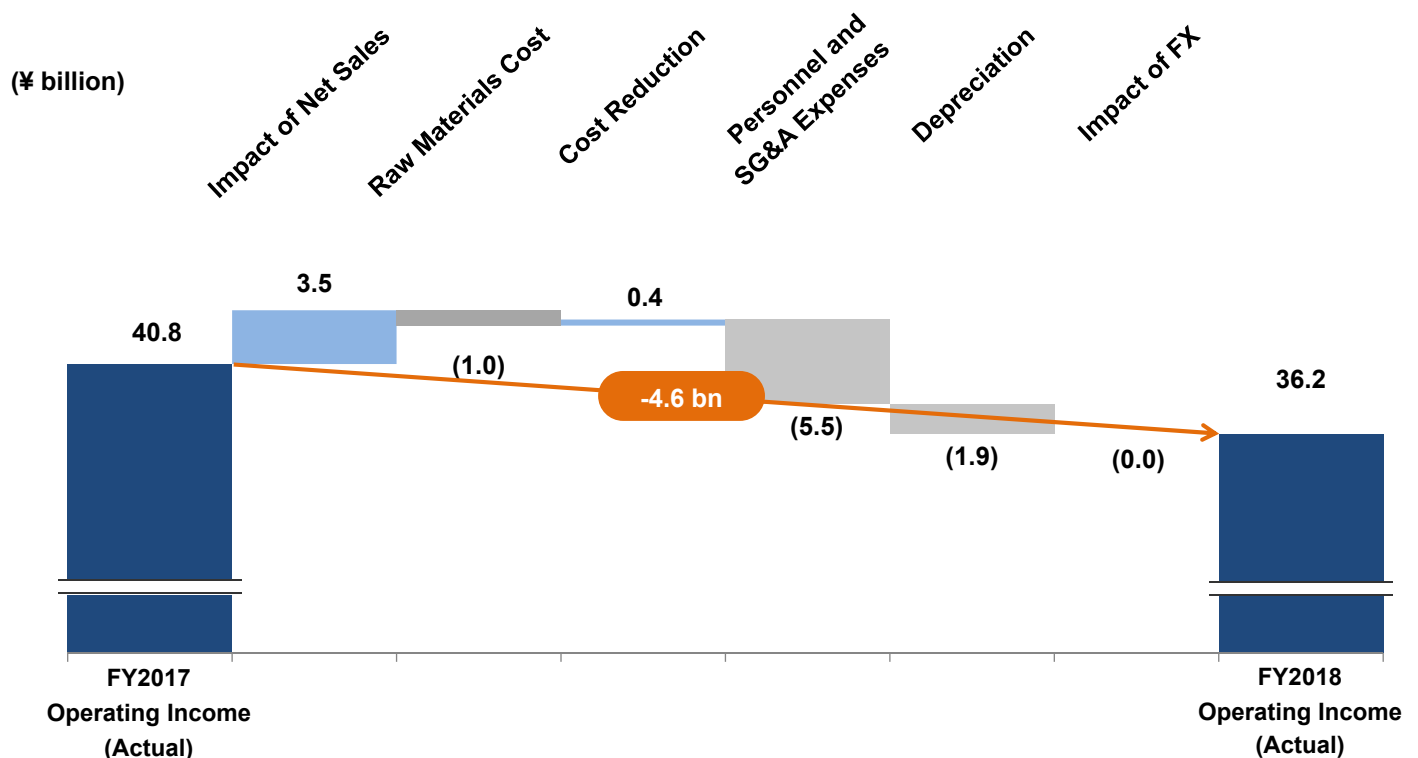


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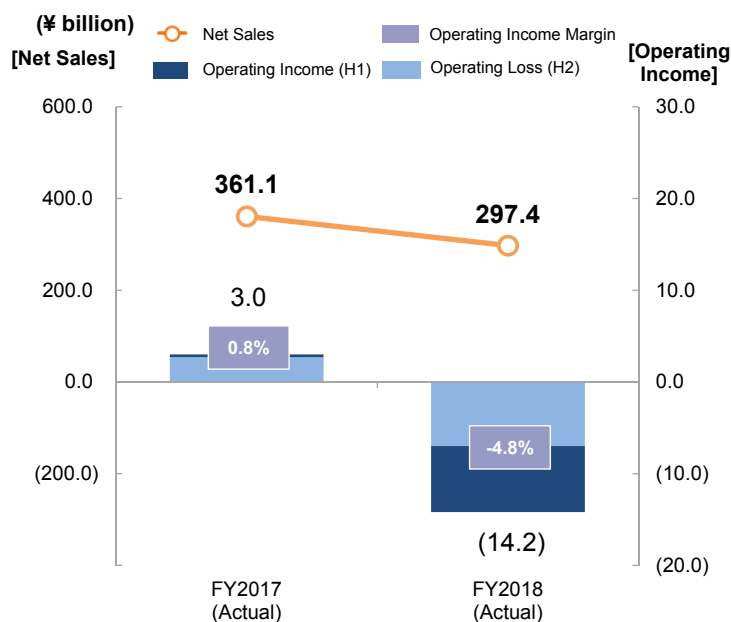
Seal Business: Changes in Operating Income [vs. FY2017]



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Electronic Product Business: Financial Results [vs. FY2017]



FY2018 Results

Net Sales ¥297.4 bn (-¥63.7 bn YoY)

- ▴ Sales for high performance smartphones decreased.
- ▴ Sales for automobiles increased.

Operating Loss -¥14.2 bn (-¥17.1 bn YoY)

- ▴ Sales for smartphones decreased.
- ▴ Yield rate deteriorated.
- ▴ Depreciation increased.

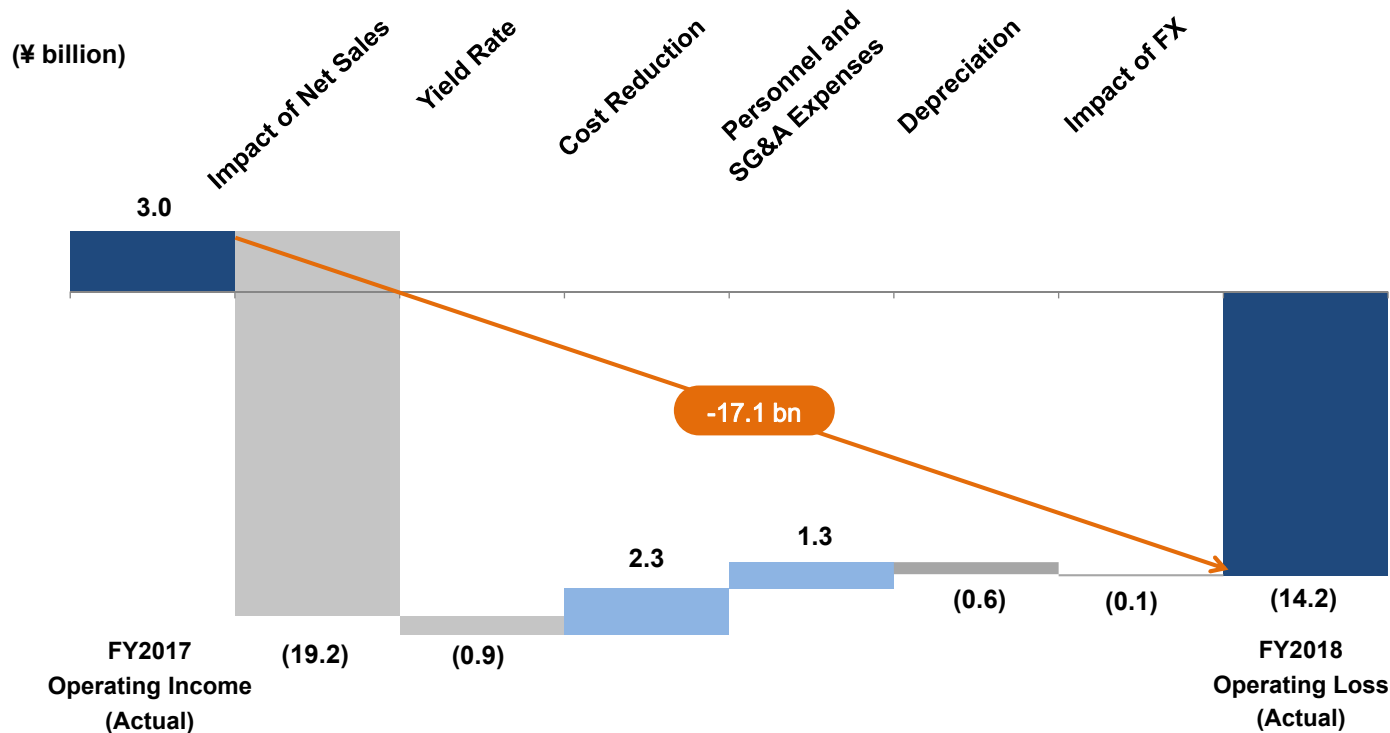
Capital Investment	¥25.0 bn	¥27.5 bn
Depreciation	¥23.9 bn	¥24.4 bn
No. of Employees	21,147	18,784



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Electronic Product Business: Changes in Operating Income/loss [vs. FY2017]

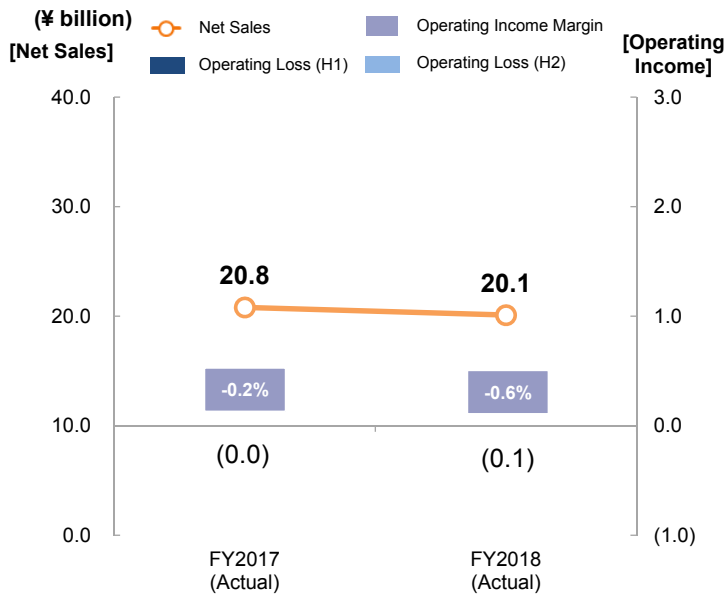


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Roll Business: Financial Results [vs. FY2017]



FY2018 Results

Net Sales ¥20.1 bn (-¥0.8 bn YoY)

- ▴ Sales decreased due to production adjustments of office machinery.
- ▴ Demand for ATMs and other terminals operated by financial institutions and textile machinery increased

Operating Loss -¥0.1 bn (-¥0.1 bn YoY)

- ▴ Sales decreased.
- ▴ SG&A expenses reduced.

Capital Investment	¥0.7 bn	¥0.8 bn
Depreciation	¥1.0 bn	¥1.0 bn
No. of Employees	2,049	1,986

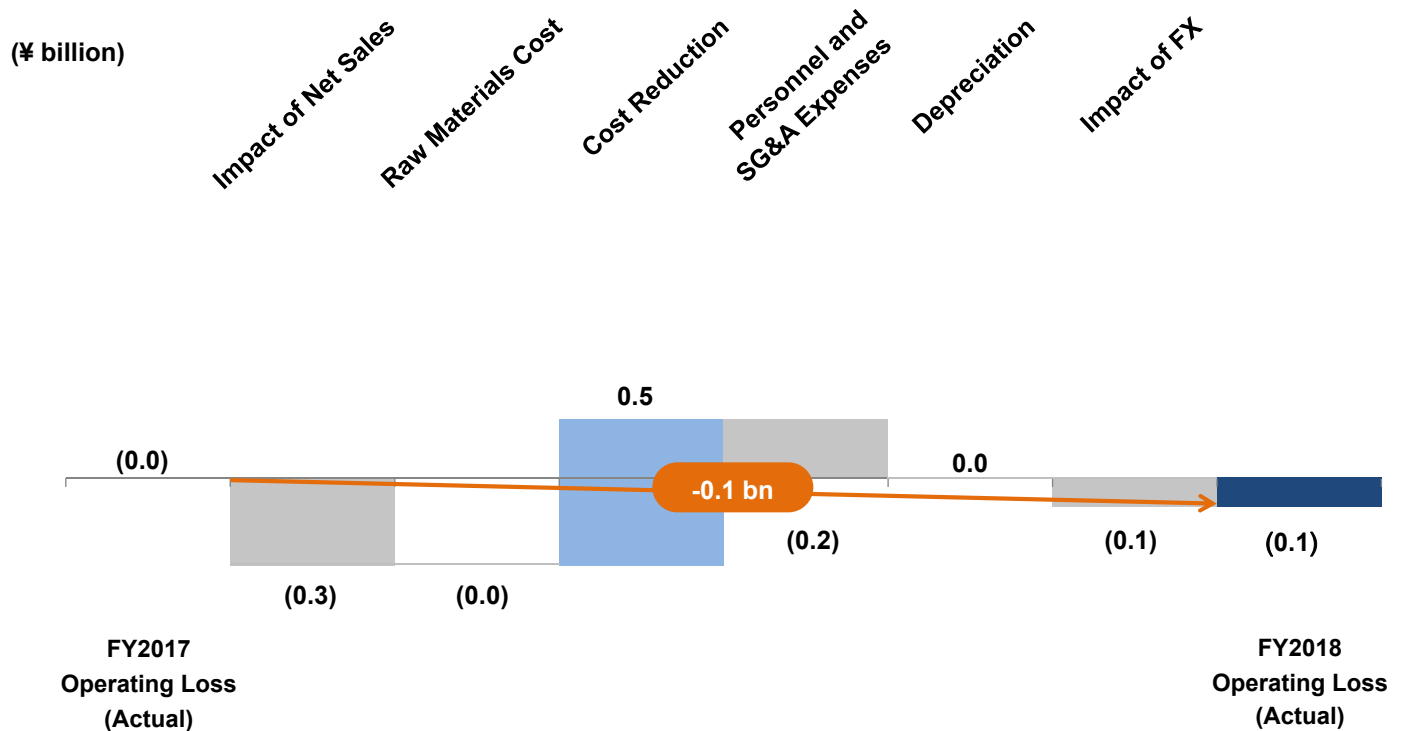


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Roll Business: Changes in Operating Loss [vs. FY2017]



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Financial Forecasts by Business Segment for the Fiscal Year Ending March 31, 2020



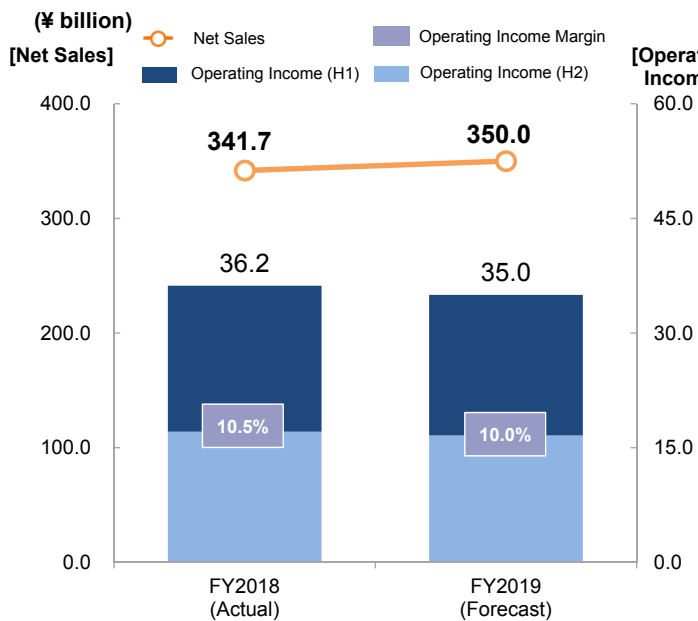
Financial Forecasts by Business Segment for the Fiscal Year Ending March 31, 2020

(¥ billion)		FY2018 Actual Full year	FY2019 Forecasts		YoY Changes	
			H1	Full year	Amount	Ratio
Seal Business	Net Sales	341.7	172.0	350.0	8.3	2.4%
	Operating Income	36.2	14.4	35.0	(1.2)	(3.3%)
Electronic Product Business	Net Sales	297.4	128.4	290.0	(7.4)	(2.5%)
	Operating Income (Loss)	(14.2)	(9.3)	(5.0)	9.2	－
Roll Business	Net Sales	20.1	9.9	20.1	0.0	0.1%
	Operating Income (Loss)	(0.1)	(0.2)	0.0	0.1	－
Others	Net Sales	10.4	4.7	9.9	(0.5)	(4.4%)
	Operating Income	1.2	0.5	1.0	(0.2)	(17.8%)
Total	Net Sales	669.5	315.0	670.0	0.5	0.1%
	Operating Income	23.1	5.5	31.0	7.9	34.0%

* The name "Electronic Device Product Business" was changed to the "Electronic Product Business" in FY2017.



Seal Business: Financial Forecasts [vs. FY2018]



[Operating Income]

FY2019 Forecasts

Net Sales ¥350.0 bn (+¥8.3 bn YoY)

- Sales in Japan is expected to be robust.
- ➔ Demand in North America is expected to remain strong.
- ➔ Demand in China is expected to pick up, supported by effective economic policy.
- ➔ Growth of general industrial machinery, such as construction machinery is expected to be slow down.

Operating Income ¥35.0 bn (-¥1.2 bn YoY)

- Sales is expected to increase.
- Personnel and SG&A expenses are expected to increase.
- Depreciation is expected to increase.

Capital Investment	¥41.5 bn	¥42.9 bn
Depreciation	¥21.2 bn	¥24.9 bn
No. of Employees	21,293	22,218

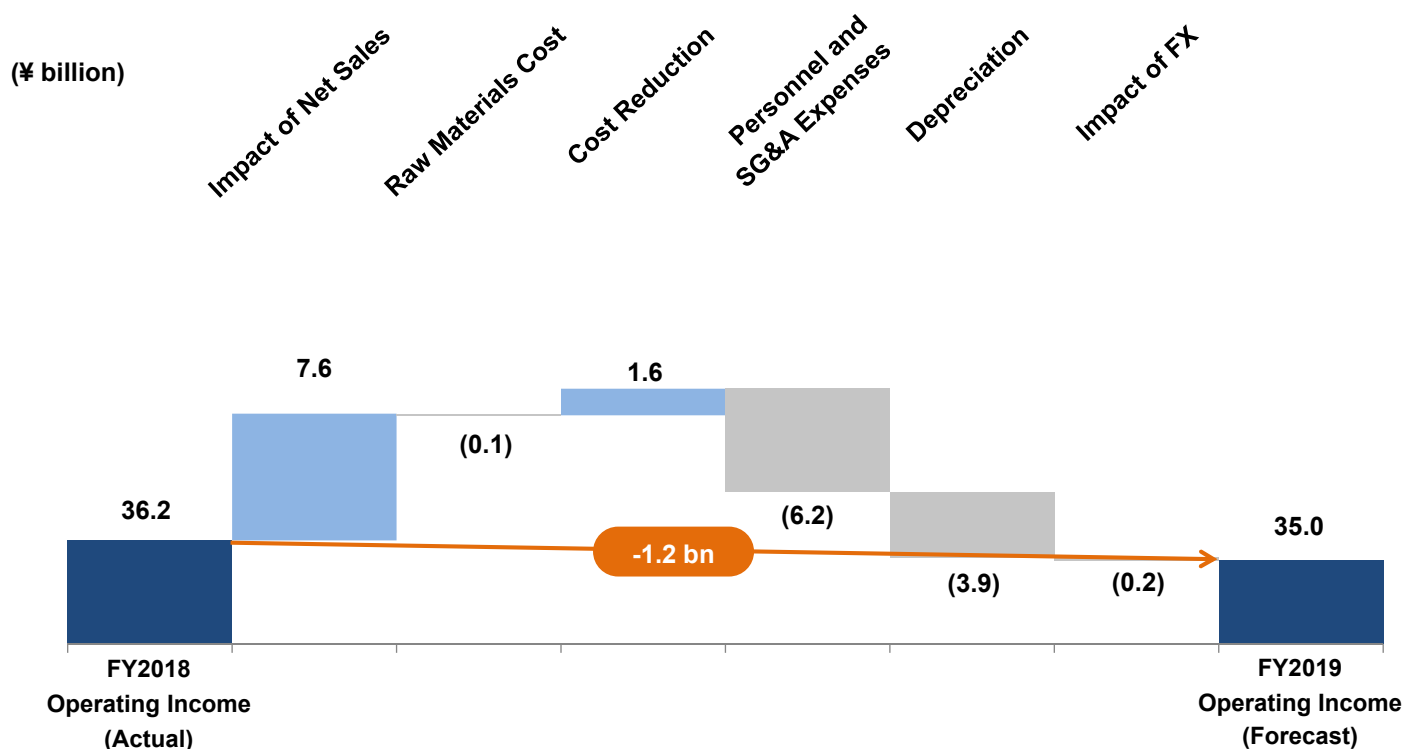


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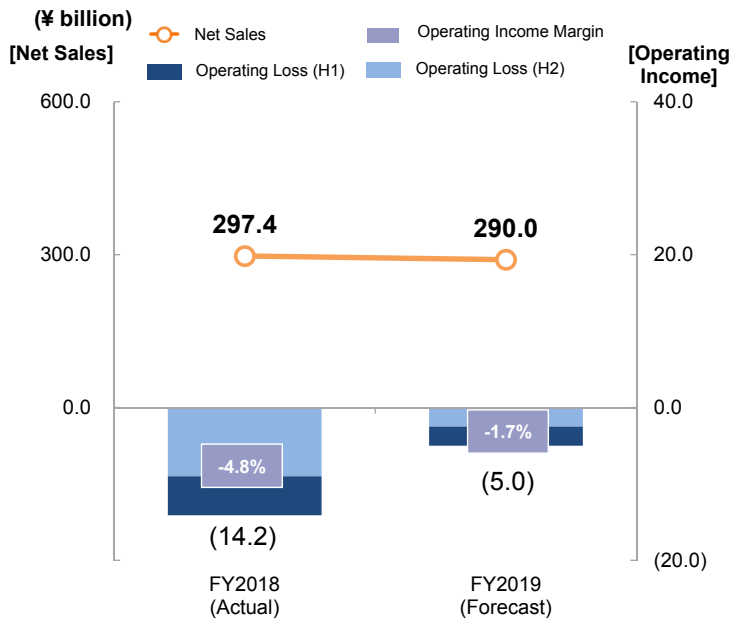
Seal Business: Changes in Operating Income [vs. FY2018]



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Electronic Product Business: Financial Forecasts [vs. FY2018]



FY2019 Forecasts

Net Sales ¥290.0 bn (-¥7.4 bn YoY)

- The units of high-performance smartphones are expected to be decreased.
- The units of HDD are expected to be decreased.
- Sales for automobiles are expected to increase.

Operating Loss ¥5.0 bn (+¥9.2 bn YoY)

- Sales are expected to be decreased.
- Depreciation is expected to be decreased as Impairment loss.
- Personnel and SG&A expenses are expected to decrease.
- Costs are expected to be reduced and yield rate to be improved effectively.

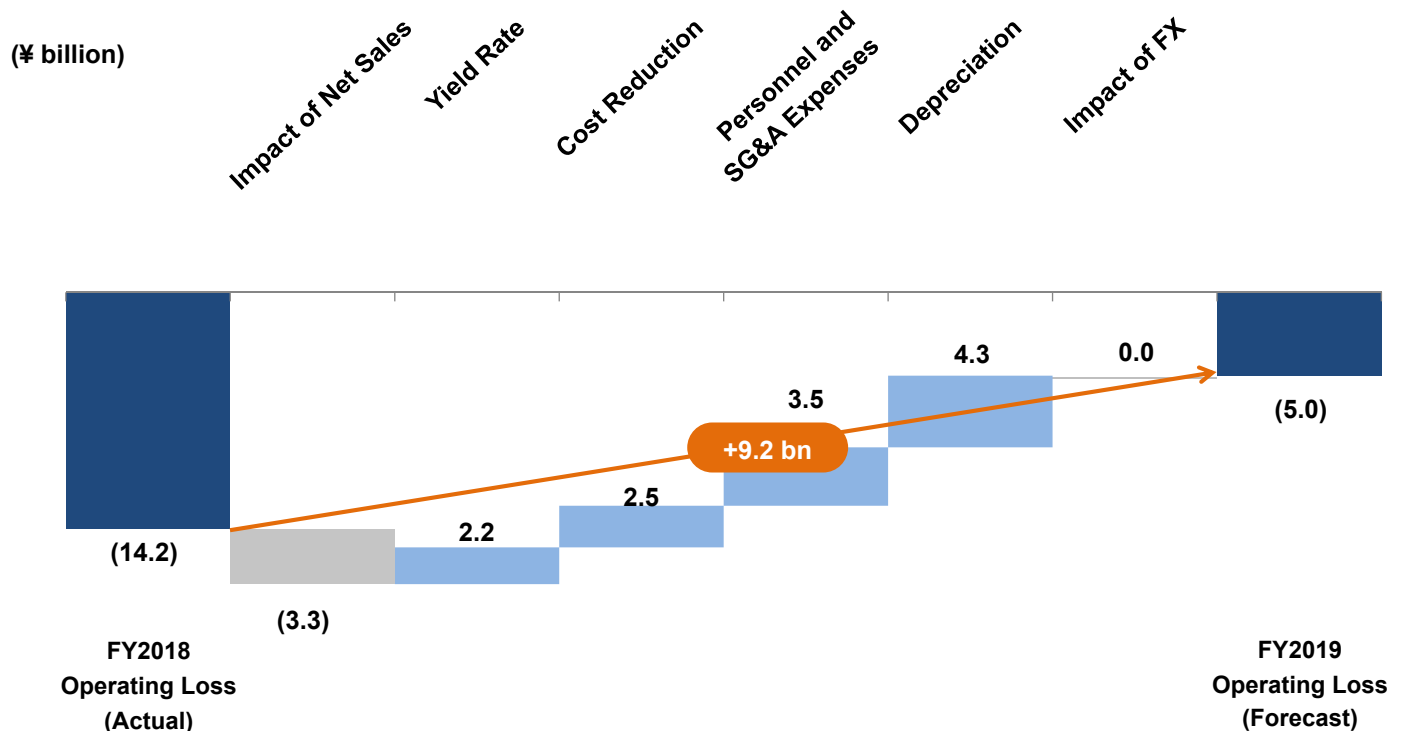
Capital Investment	¥27.5 bn	¥18.6 bn
Depreciation	¥24.4 bn	¥20.1 bn
No. of Employees	18,784	17,100



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Electronic Product Business: Changes in Operating Loss [vs. FY2018]

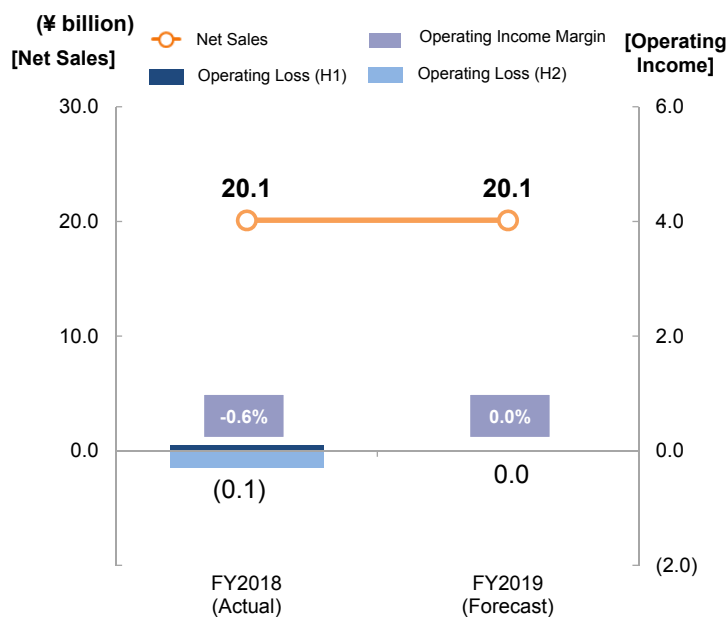


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Roll Business: Financial Forecasts [vs. FY2018]



FY2019 Forecasts

Net Sales ¥20.1 bn (¥0.0 bn YoY)

- Growth in the office machinery market is expected to be slow.
- Product prices are expected to drop as intensified price competition.

Operating Income ¥0.0 bn (+¥0.1 bn YoY)

- Costs are expected to reduce.
- Personnel and SG&A expenses are expected to increase.

Capital Investment	¥0.8 bn	¥1.3 bn
Depreciation	¥1.0 bn	¥1.0 bn
No. of Employees	1,986	2,074

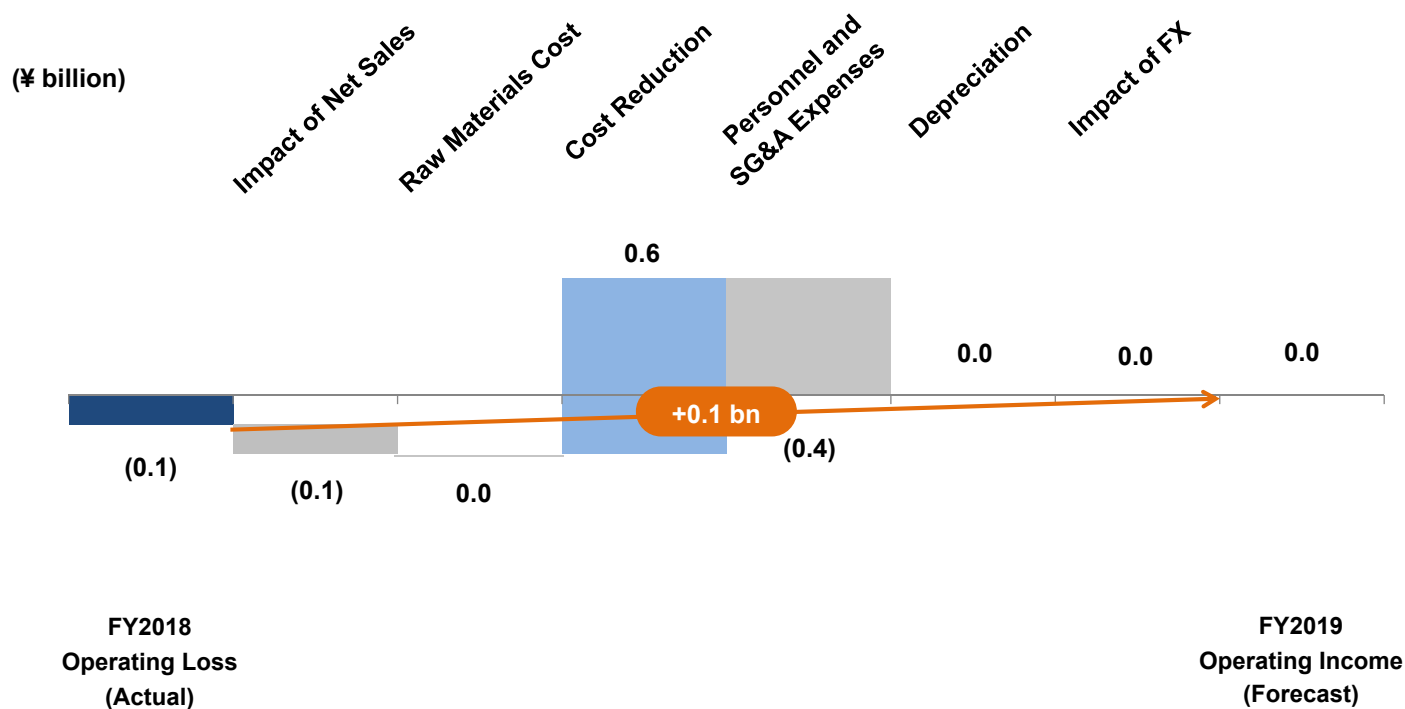


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Roll Business: Changes in Operating Income/loss [vs. FY2018]



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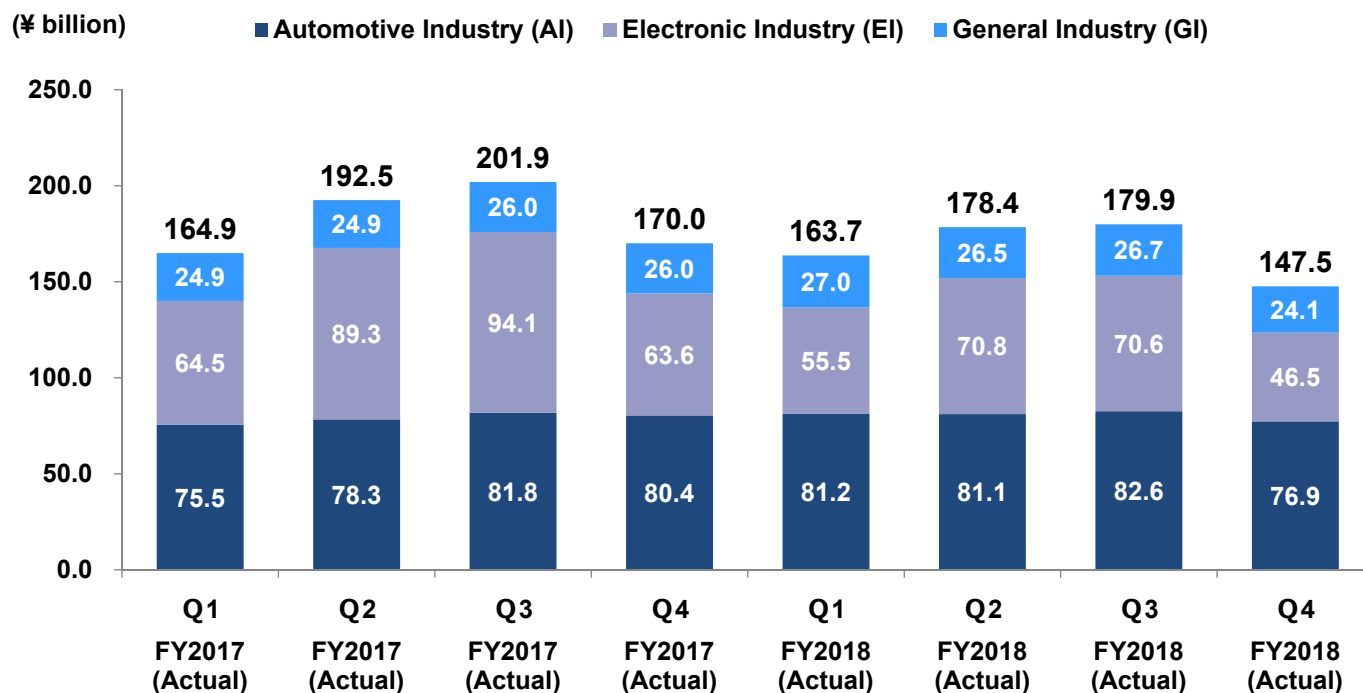
Business Overview by Industry and by Region





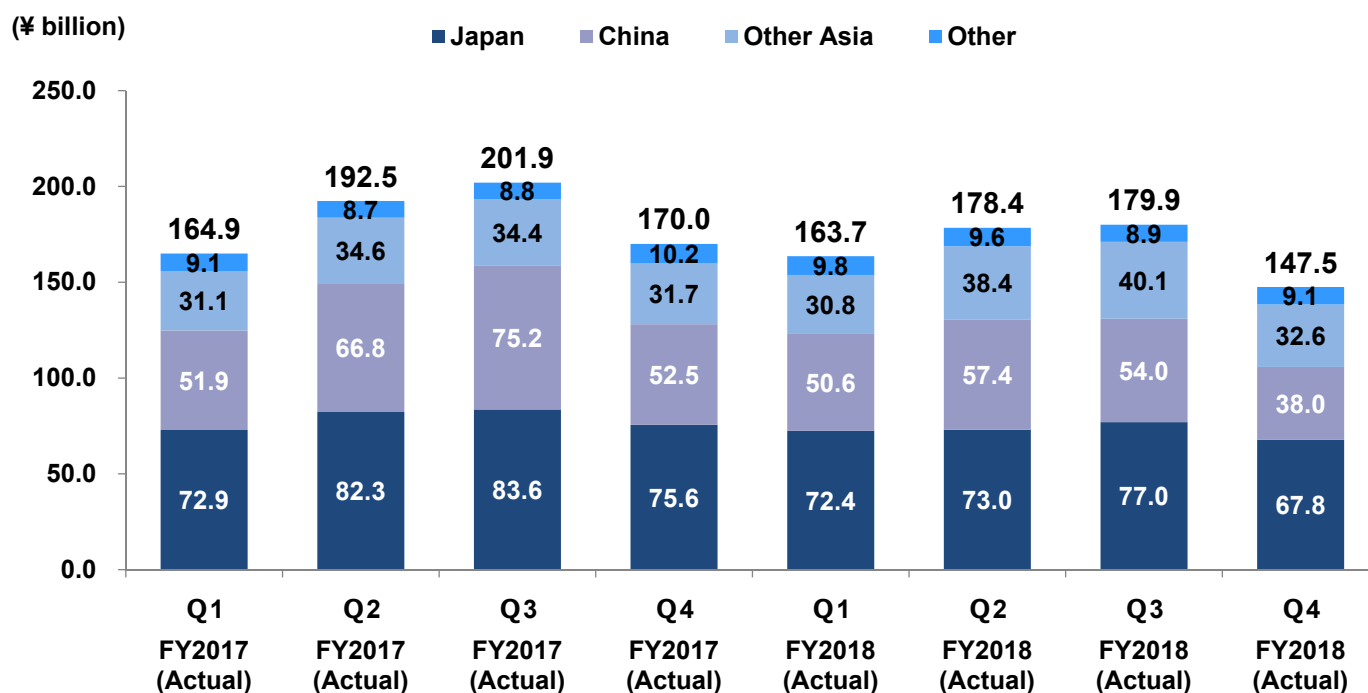
Consolidated Net Sales Trend by Industry (by Quarter)

Net Sales by Industry



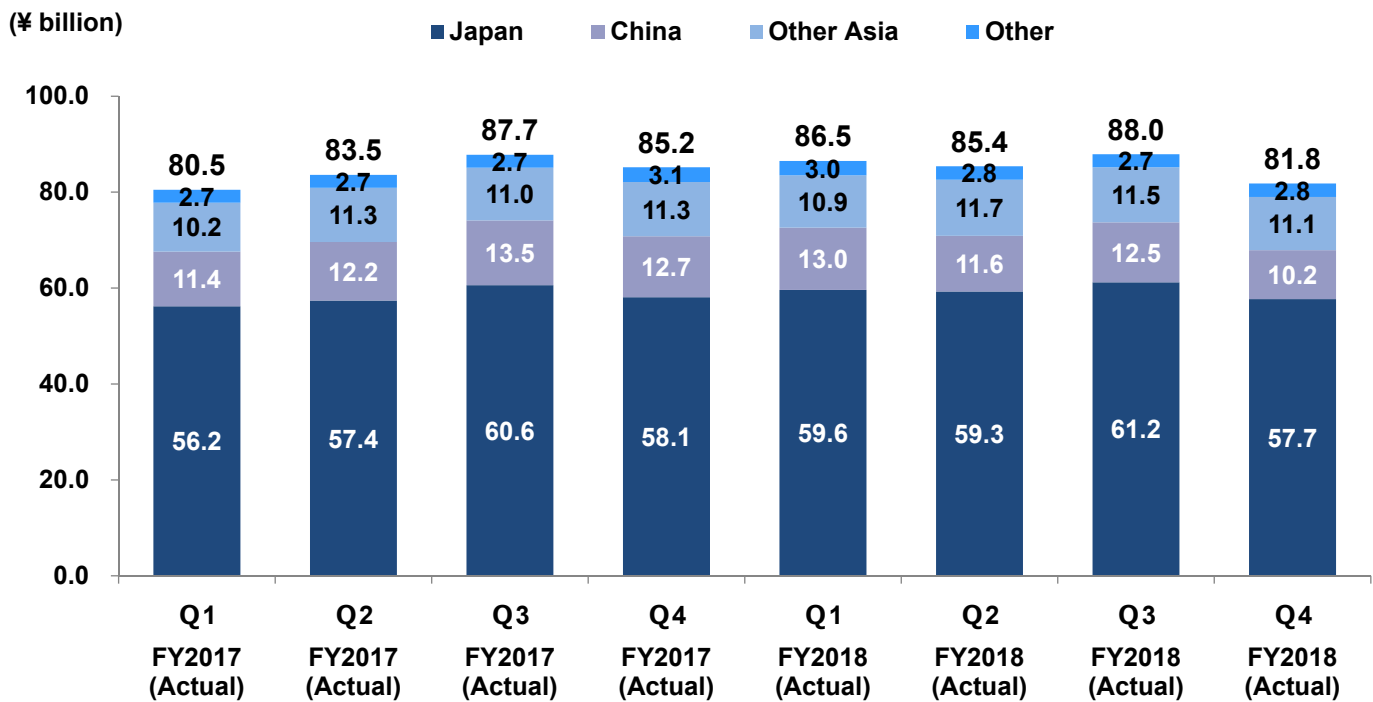
Consolidated Net Sales Trend by Region (by Quarter)

Net Sales by Region



Net Sales Trend for Seal Business by Region (by Quarter)

Seal Business: Net Sales by Region

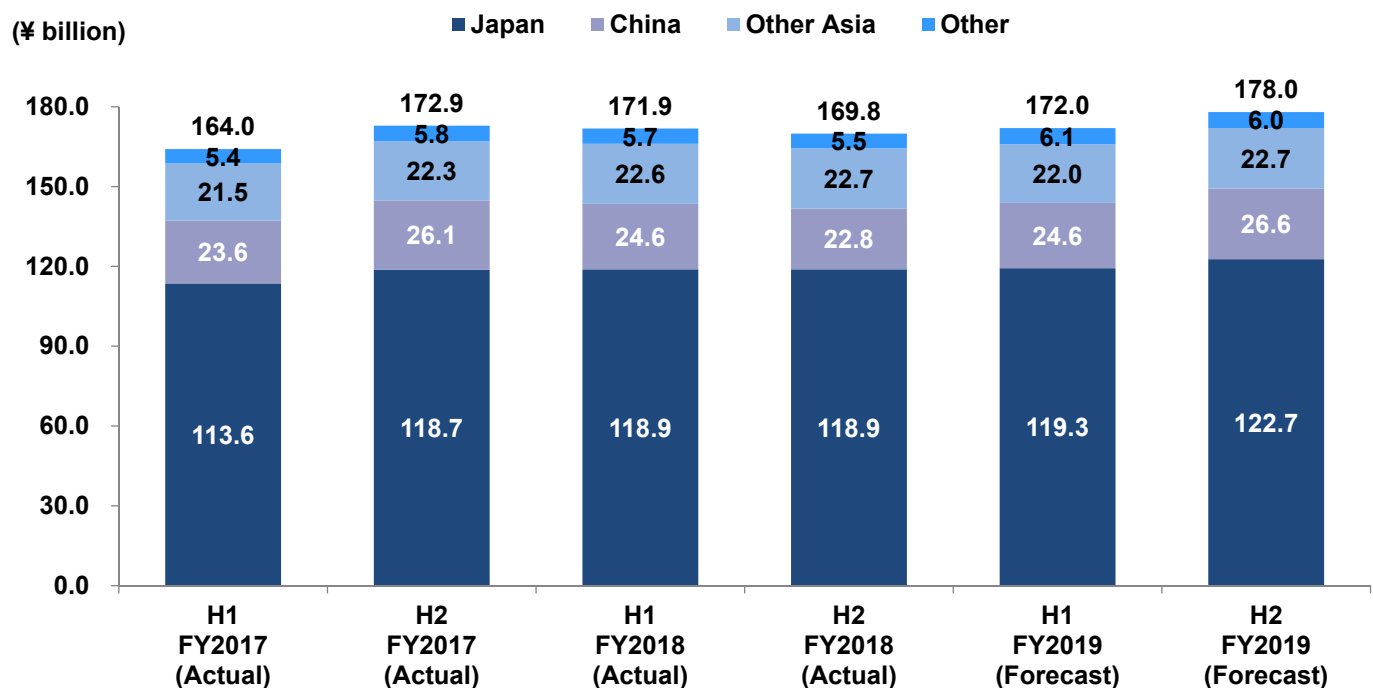


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Net Sales Trend for Seal Business by Region (by Half Year)

Seal Business: Net Sales by Region



* The H2 forecast is the full-year forecast minus the H1 forecast.



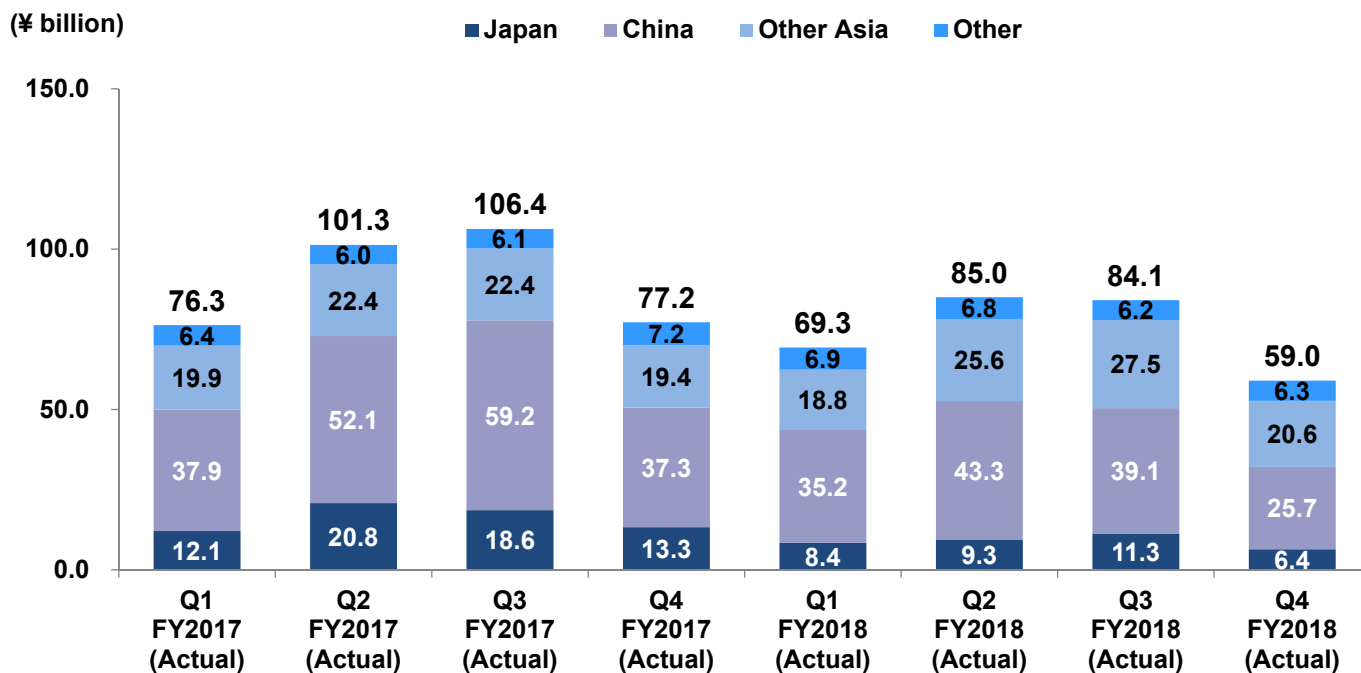
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Net Sales Trend for Electronic Product Business by Region (by Quarter)

Electronic Product Business: Net Sales by Region



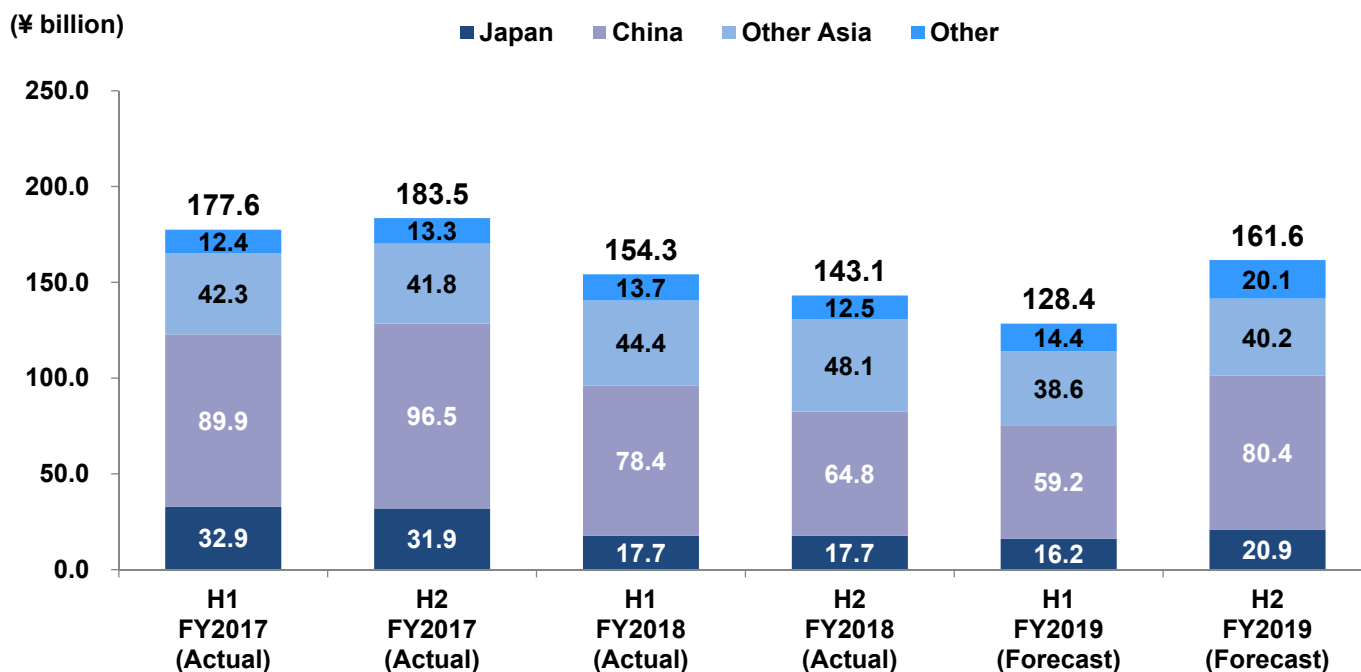
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Net Sales Trend for Electronic Product Business by Region (by Half Year)

Electronic Product Business: Net Sales by Region



* The H2 forecast is the full-year forecast minus the H1 forecast.



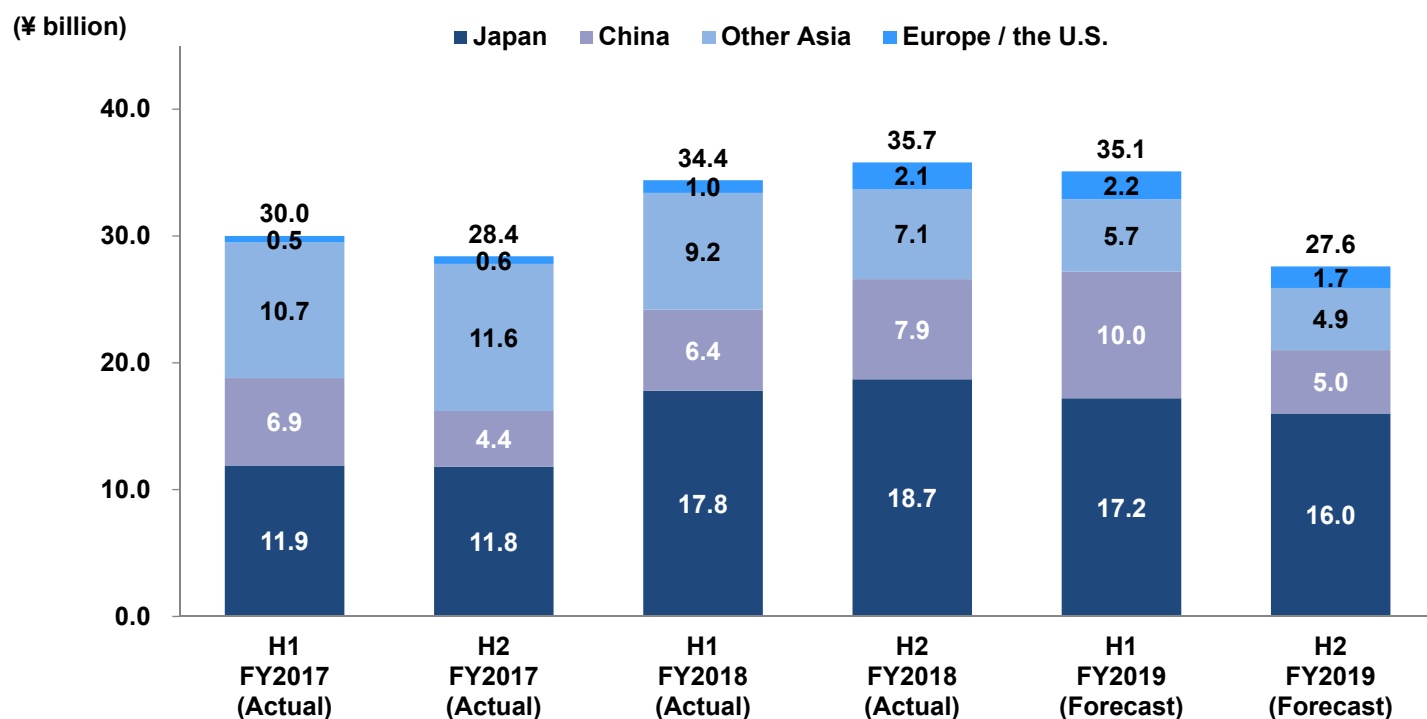
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Trend of Capital Investment by Region (by Half Year)

Capital Investment



* Capital investment includes the acquisition of intangible assets.

* The H2 forecast is the full-year forecast minus the H1 forecast.



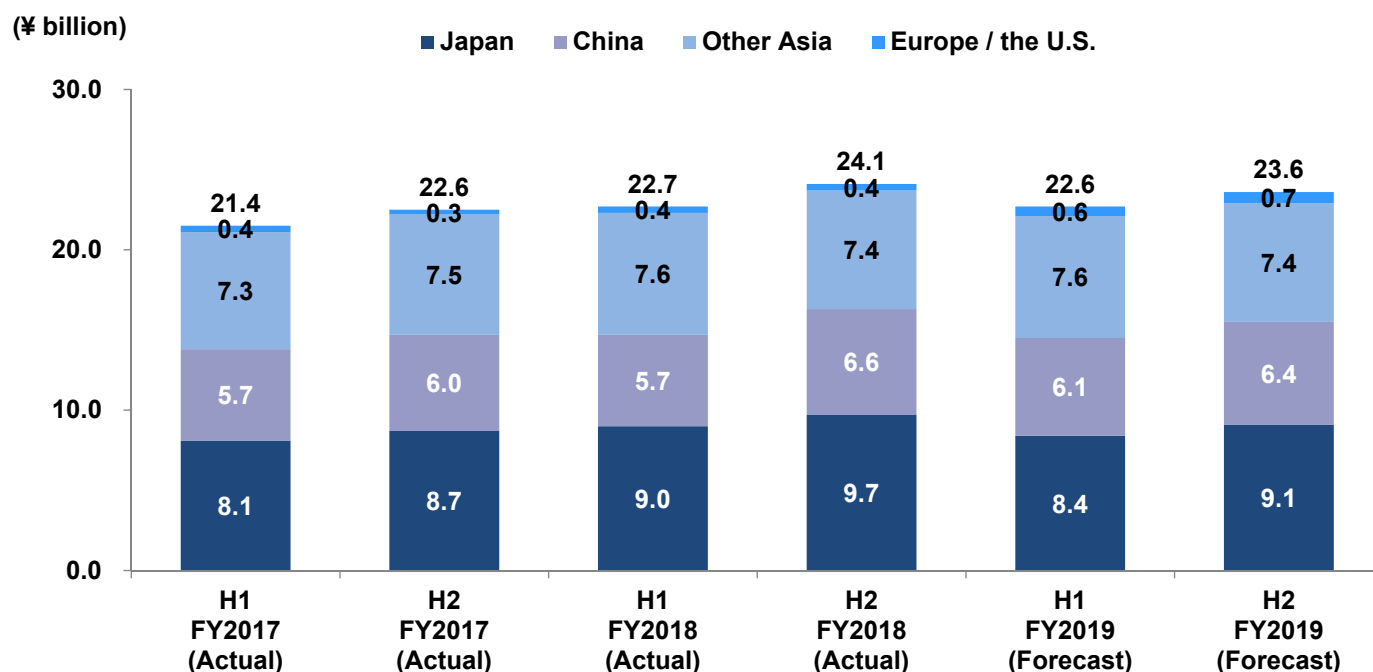
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Trend of Depreciation by Region (by Half Year)

Depreciation



* The H2 forecast is the full-year forecast minus the H1 forecast.



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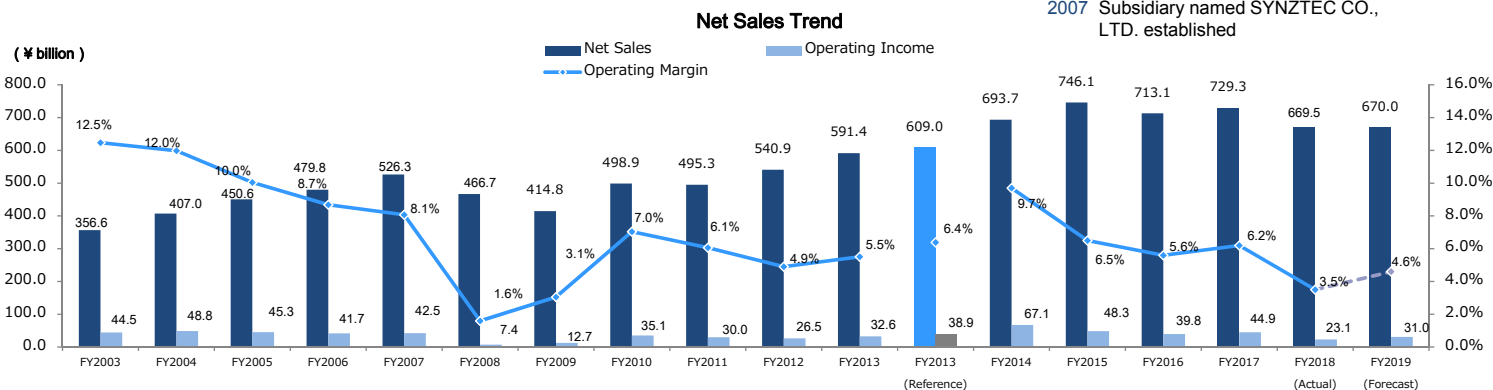
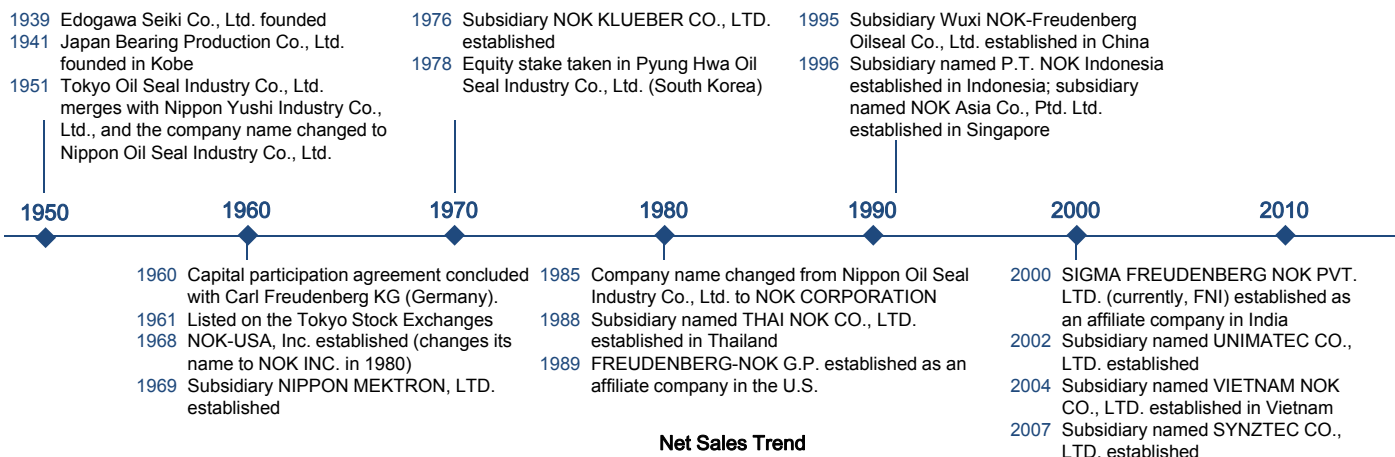


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References



Corporate History



* From FY2014, NOK has unified the accounting period of the overseas business and changed its depreciation method so the values are calculated and used for reference purposes.



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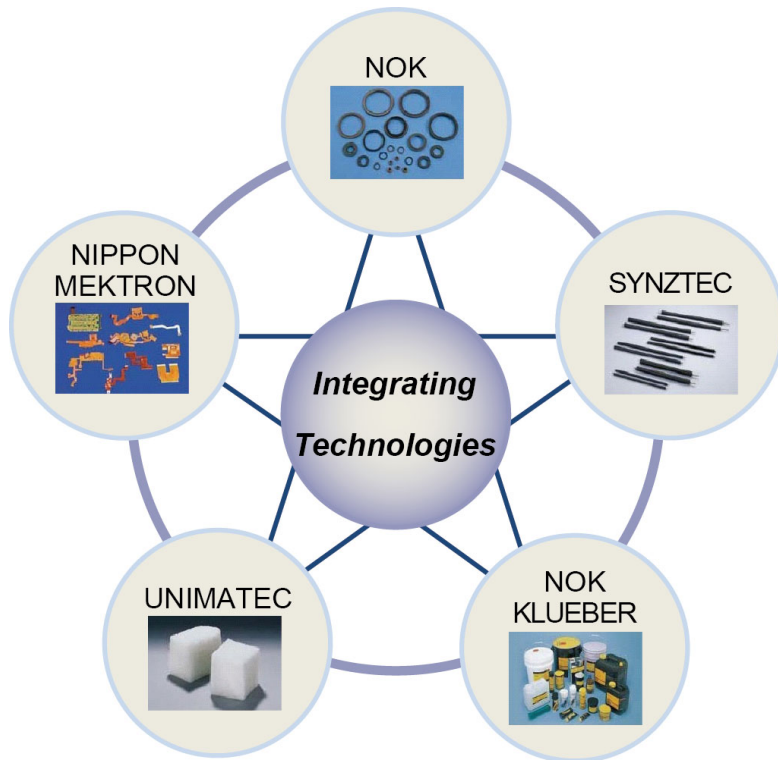
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Global Network



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NOK Group companies make up a “Group of Compound Technology Manufacturers” like one firm connected to each division, an enterprise group sharing core technologies. Each company boasts its individual strengths while sharing a common vision, and conducts business operations to handle any and all client requirements.



The Shonan Development Center aggregates all of NOK’s advanced technologies, and was established with the aim of accelerating the development process. This development system removes barriers between each division, and provides a self contained comprehensive approach from product design through shipment inspections. The center actively promotes merging R&D and production technologies, churning out products with unique cutting edge technology that can’t be imitated by others.

POINT

NOK’s Shonan Development Center was opened in 2005 as a think tank concentrating all the Company’s advanced technologies, striving to be **global No. 1 technology creator**. The Center has functional abilities in materials technologies, evaluation analysis technologies and production technologies, making possible self contained operations execution. NOK responds to the needs of society, and will further pursue R&D in order to continue supplying products that contribute to daily living convenience and the environment.

» NOK Major Products: Oil Seals



Oil seals are a functional part to seal oil. For “moving” parts of machinery, revolving and vertical up and down motion etc, oil seals prevent leakage of lubricant oils, water, chemical solutions, gas etc, and also prevent outside particulates from getting in. They are indispensable parts for a wide range of machinery types including automobiles, ships, planes, air conditioners, washing machines, water works etc.

(Example of Use)



POINT

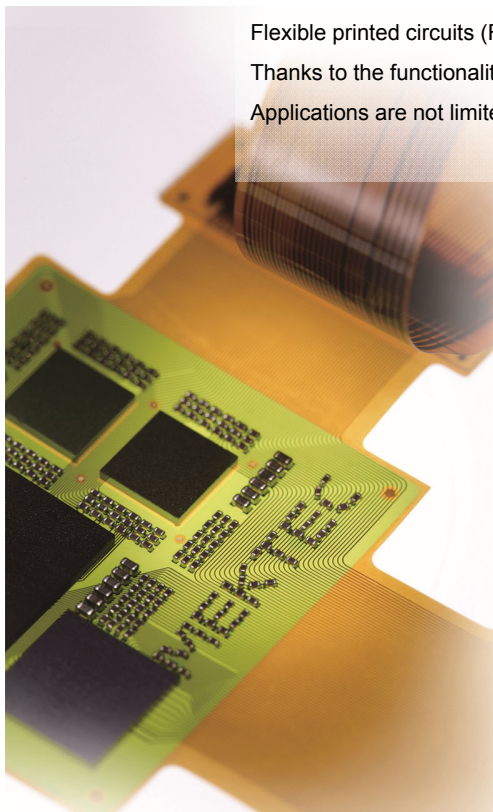
NOK's history is the history of oil seals. The road to becoming Japan's No. 1 oil seal maker began in 1960, when the Company concluded a technology partnership agreement with Carl Freudenberg KG of the former West Germany. After that the Company built a production plant in the US when there was still only one Japanese auto manufacturer located there, eventually supplying oil seals to the US 'Big 3.' Today the Company boasts **top shares domestically of 70% and globally 50%**, recognized for its reliability and actual performance results.



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» NOK Major Products: Flexible Printed Circuits (FPCs)



Flexible printed circuits (FPCs) are flexible circuit boards based on films.

Thanks to the functionality of flexible printed circuit boards, compact cellular phones became a reality.

Applications are not limited to cell phones, but also cover many areas including digital cameras and notebook PCs.

(Example of use)



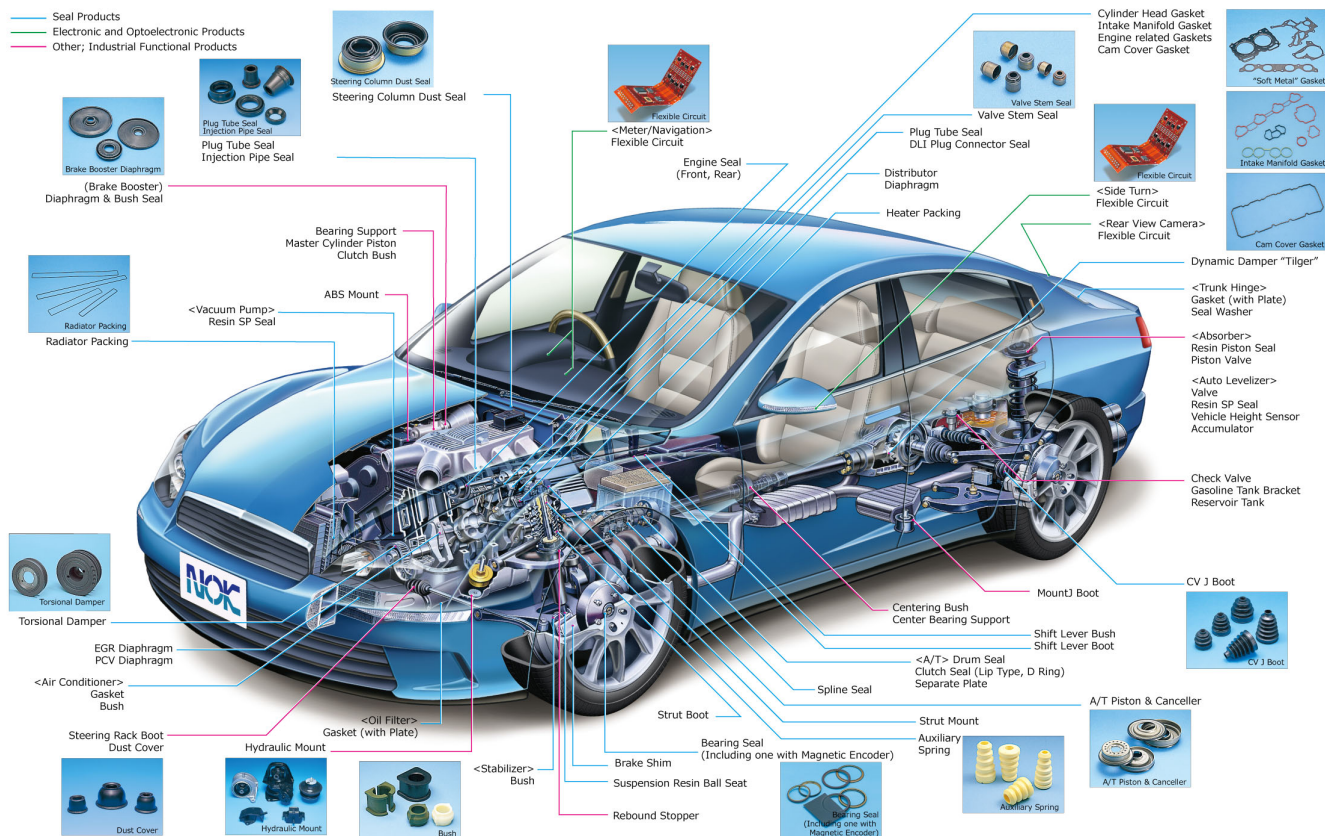
POINT

This is electronics business of NOK Group company NIPPON MEKTRON, LTD. These thin and light circuit boards are used in smartphones. FPCs which have the characteristics of being thin, lightweight and flexible, are expected to see further increased functionality in the future. NOK has the **No. 1 domestic and global shares**.



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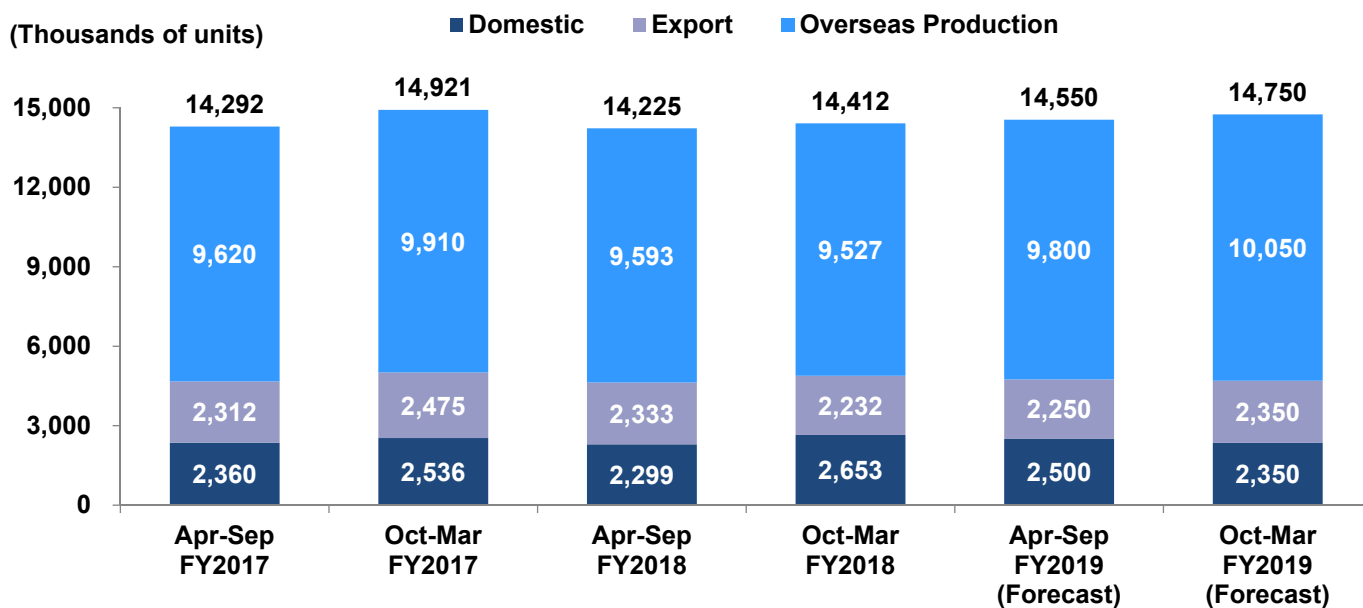


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Market Trends by Sector: Motor Vehicle Production (by Half Year, Fiscal Year)

Motor Vehicle Production



* The value for Overseas Production includes completed vehicle units produced overseas in addition to knock-down units.

Source: Estimates by NOK CORPORATION



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NOK Products in General Industrial Machinery

For Solar Panels

Rubber Gaskets for Solar Panels



With NOK's original material compounding techniques, we offer tailored materials.

For Artificial Lawns and Athletic Track Fields

Recycled Rubber Burr



An example of artificial lawn paving faults
Pile (leaf and stem)
Sand, Rubber chips
Ground Fabric, Mats
Base Layer

Recycling of oil and heat resistant rubber pieces generated during manufacturing of rubber functional parts.

For Pipework including Water and Hot Water Pipes

O-Rings



Utilizing NOK's original material compounding techniques which are responsive to any kind of condition of use including hot water and water pipes, gas meters, fuel batteries, water faucet clasps, water filters and water purifiers.

For Home Pumping including Well Water Pumping

Mechanical Seal



Mechanical Seals can be used maintenance-free for an extended period since the sliding surfaces are shaped into highly-refined flat surfaces, and they are also excellent in terms of performance and running cost.

For Air Conditioners, IH Cooking Heaters, Microwaves and Refrigerators

Thermopile



With sensors which allow non-contact temperature measurement, thermopiles are effective for energy savings.

For Household Small-size Wind Power Generation

Oil Seals



O-Rings



Rubber Vibration Isolators



We offer highly-reliable and time-proven functional parts.

For Power Control Units and Secondary Batteries

Sealing Plates for Capacitors



電磁波シールド(EMシールド)



We offer functional parts specific to sites, environments and conditions.

For Fuel Batteries

Cell Seals



GDL



Humidification Film Module



Valves



We contribute by offering our seal techniques and polymer compounding process techniques.

Small-size Wind Power Generation

Power Control Unit & Secondary Battery

Solar Panel

Air Conditioner

LED Lighting

LCD Television

IH Cooking Heater

Microwave

Refrigerator

Water Faucet Clasps

Fuel Battery

Hot Water Storage Tank and Water Heater

Well Water Pumping

Artificial Lawn

Pipework (Floor Heating)

LED Lightings, Mobile Phones, and LCD Televisions

FPC



With our new technology, we contribute to developing more small-size and high performance mobile and electronic devices.

Lubricants



Our lubricants are long-lasting and highly-reliable even in severe use conditions including super-high and super-low humidity, high speed and high load. They can be used for fuel batteries, home electric appliances and pipework etc.

For Toilet Seats with Warm-water Shower Features, Showers, Water Faucet Appliances, and Gas Meters

Flow Regulating Valves, Mixer Valves and Pressure Control Valves



With a combination of our seal techniques and actuator techniques, these valves offer pressure control and flow regulation of water, gas and specific fluids.



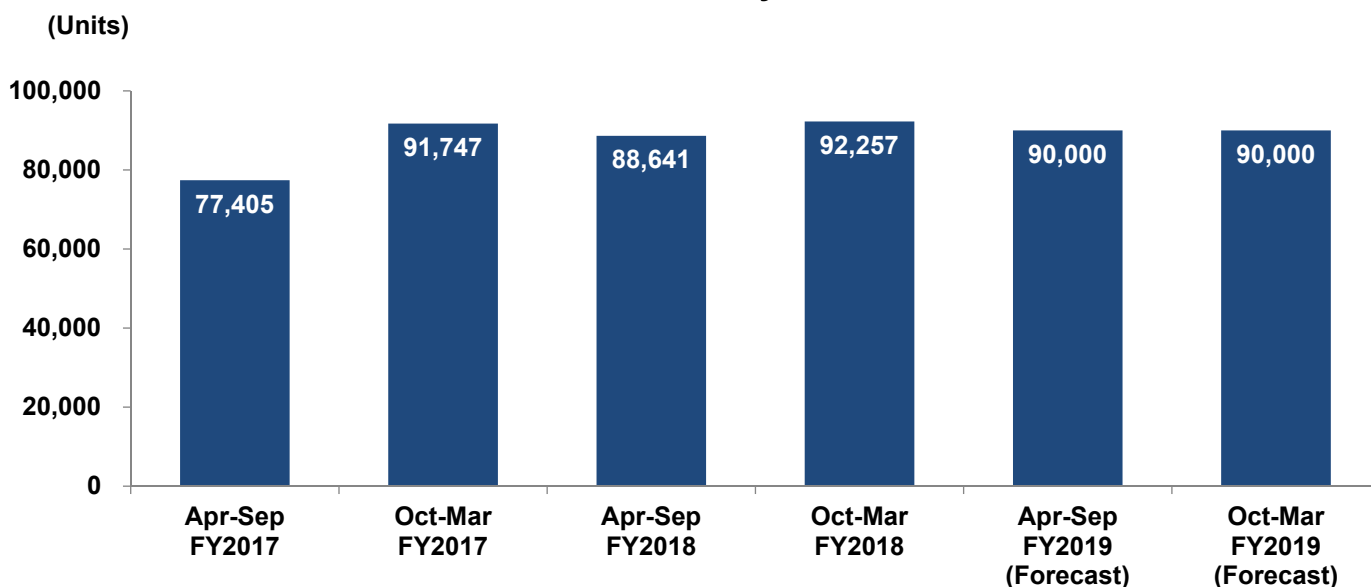
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Market Trends by Sector: Construction Machinery Domestic Production (by Half Year, Fiscal Year)

Construction Machinery Domestic Production



Source: Estimates by NOK CORPORATION



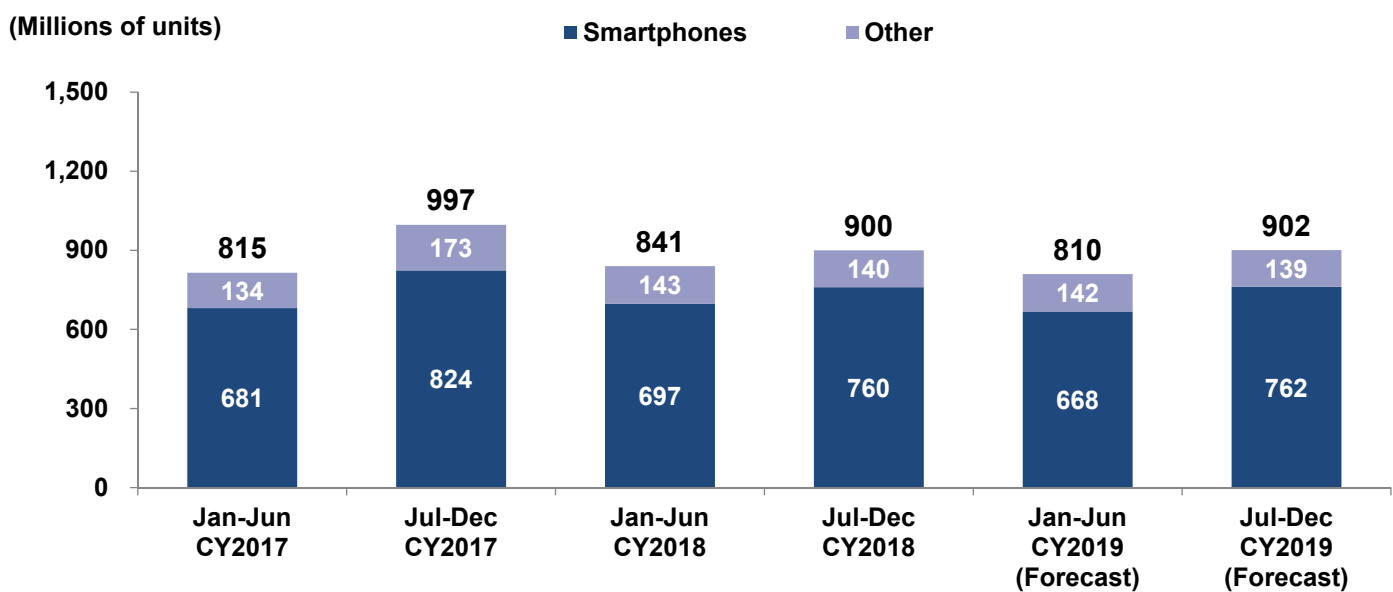
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Market Trends by Sector: Mobile Phone Worldwide Shipments (by Half Year, Calendar Year)

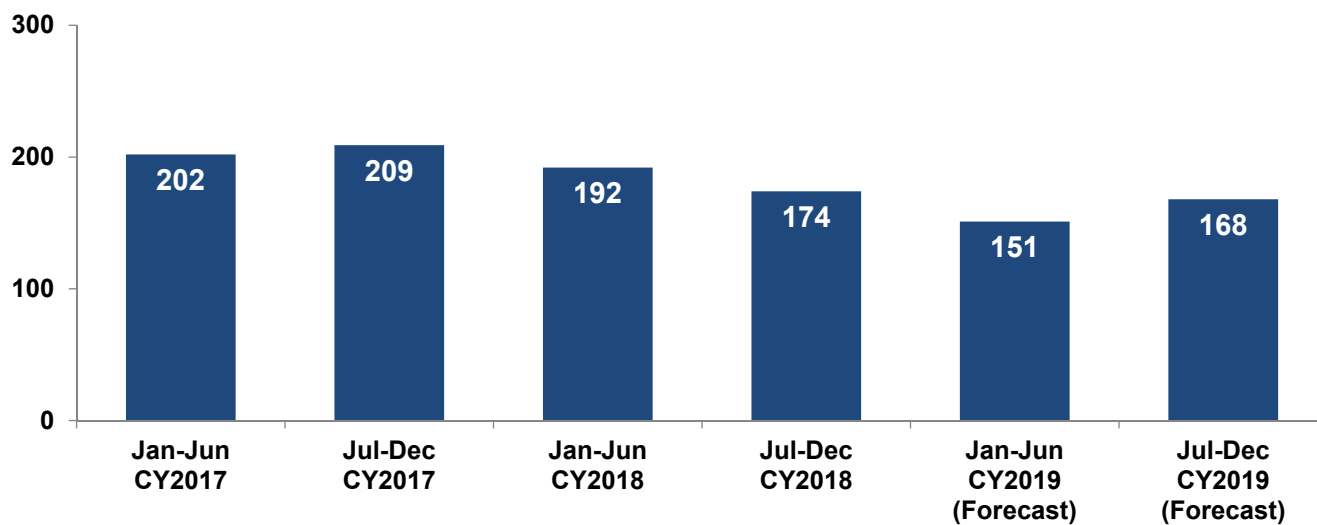
Mobile Phone Worldwide Shipments



Source: Estimates by NOK CORPORATION

Hard Disk Drive Worldwide Production

(Millions of units)



Source: Estimates by NOK CORPORATION

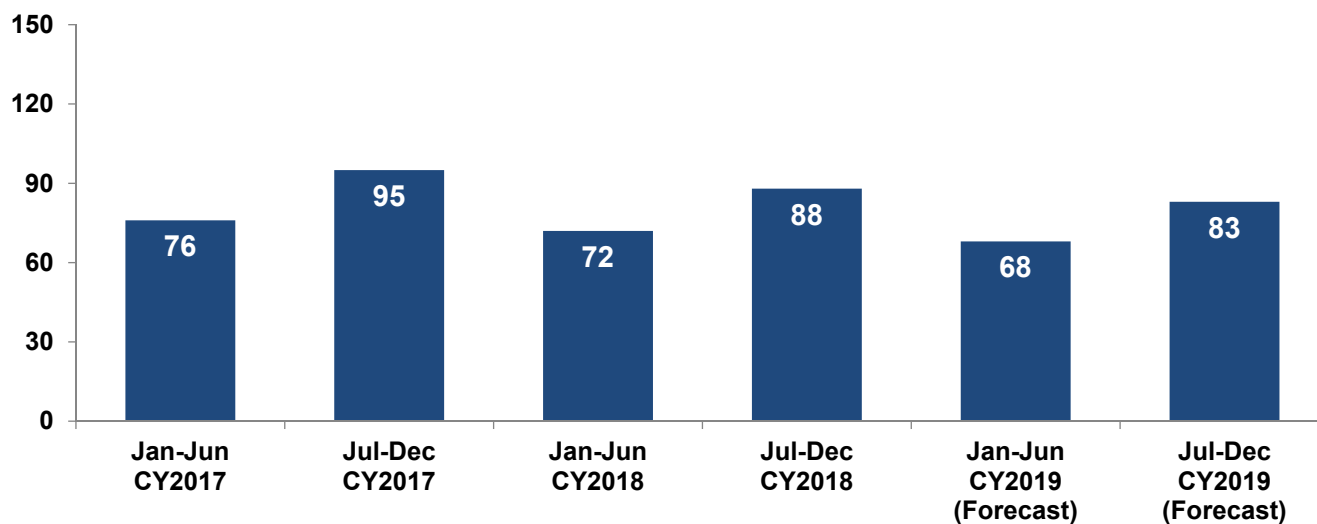


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Tablet PC Worldwide Shipments

(Millions of units)



Source: Estimates by NOK CORPORATION



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Segment Information: Fiscal Year 2018 Results and Fiscal Year 2019 Forecasts

NOK Corporation

(Millions of yen)

Note: The above forecasts are based on currently available information. Actual financial results may differ significantly due to various factors.

※Year-on-Year change of number of personnel is calculated by comparing with the result of FY 2018.



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