



***FY2011 Full Fiscal Year  
Forecast Presentation***

**NOK CORPORATION**

August 1, 2011

# Timetable

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1 Orientation (Secretariat)	16:30~
2 General Overview (Masato Tsuru, Chairman of the Board and President)	16:30~16:40
3 Business Overview (Kiyoshi Doi, Senior Managing Director)	16:40~17:00
4 Accounts Overview (Akira Watanabe, Senior Operating Officer)	17:00~17:20
5 Q&A session	17:20~18:00

(1) Kindly reserve your questions until the Q&A session.

(2) If you have any questions, please raise your hand, stating your name and company name when asked to speak.

(3) Please be aware that the Q&A session will end promptly at 18:00.

# Disclaimer

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- Any plans, 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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# ***General Overview***

- Status of Disaster Reconstruction
- 2-Year Structural Reform Plan: Summary
- FY2011 Consolidated Forecasts
- 3-Year Plan

Masato Tsuru, Chairman of the Board and President

NOK Corporation would like to express its heartfelt condolences to all those who lost their lives to the Great East Japan Earthquake that struck the nation in March 2011. We would also extend our deepest sympathies to all those affected by this disaster and hope for a speedy recovery of all devastated areas.

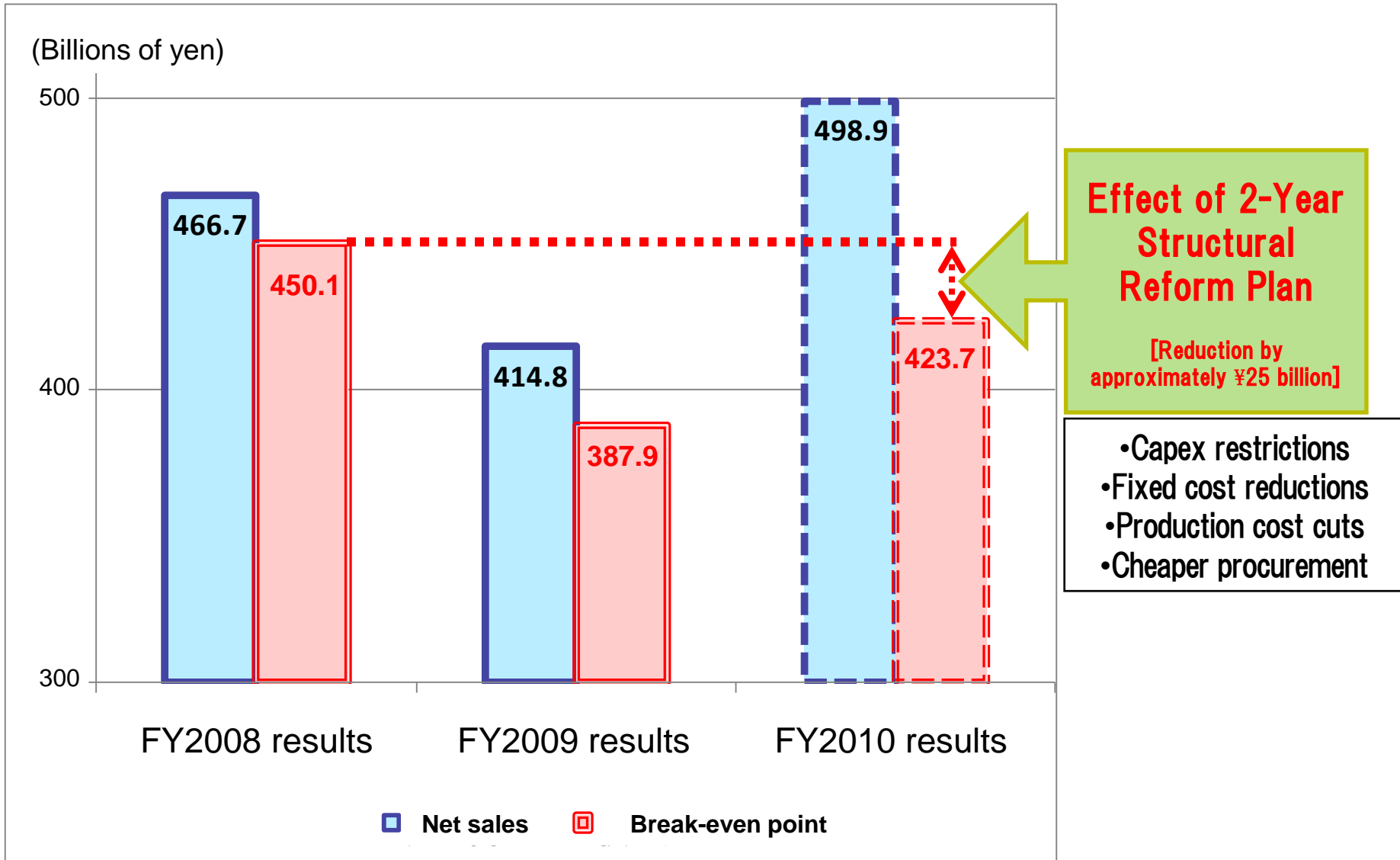
**NOK CORPORATION**

# Status of Disaster Reconstruction

Bases	Major Production Items	Operating Recommencement Date
Fukushima Area	Oil seals	March 21
Nihonmatsu Area	Piston seals, Gaskets	March 24
Kitaibaraki Area	Plastics and urethane products; lubrication products; chemicals	March 28
Kashima Area	Flexible printed circuit products	March 28

*There were no injuries to the Company's employees. Damage to the Company's buildings and production facilities was minor.*

# 2-Year Structural Reform Plan: Summary



# FY2011 Consolidated Forecasts

(Billions of yen)

	FY2010	FY2011 forecasts			Year-on-year change	
	Full-year	1H	2H	Full-year		
Net Sales	<b>498.9</b>	<b>238.5</b>	<b>272.5</b>	<b>511.0</b>	<b>12.1</b>	<b>2.4%</b>
Operating Income	<b>35.1</b>	<b>11.4</b>	<b>23.8</b>	<b>35.2</b>	<b>0.1</b>	<b>0.2%</b>
Ordinary Profit	<b>32.4</b>	<b>13.4</b>	<b>24.4</b>	<b>37.8</b>	<b>5.4</b>	<b>16.6%</b>
Net Income	<b>16.7</b>	<b>6.6</b>	<b>15.4</b>	<b>22.1</b>	<b>5.4</b>	<b>32.4%</b>

# 3-Year Plan

(FY2011–2013)

## Slogan

***Building Foundations for  
Sustainable Growth***

**-Ensuring Success in the Next Decade**



## Policies

1. Improving global management capacity
2. Developing our people
3. Enhancing manufacturing competence
4. Achieving unrivalled quality
5. Sowing the seeds of new products to blossom in the next decade

# 3-Year Plan

(FY2011–2013)

## *Performance targets (FY2013)*

<b>Consolidated Net Sales</b>	<b>¥600 billion</b>
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<b>Consolidated Operating income</b>	<b>¥50 billion</b>
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# ***Business Overview***

Kiyoshi Doi, Senior Managing Director

# FY2011 Sales Forecast: Overview

## Consolidated Sales

1H: ¥238.5 billion (96% YoY)

2H: ¥272.5 billion (109% YoY)

FY: ¥511.0 billion (102% YoY)

## Seal Business

1H: ¥125.2 billion (93% YoY)

2H: ¥139.8 billion (103% YoY)

FY: ¥265.0 billion (98% YoY)

## Electric Device Product Business

1H: ¥91.3 billion (101% YoY)

2H: ¥108.7 billion (119% YoY)

FY: ¥200.0 billion (110% YoY)

## Roll Business

1H: ¥15.2 billion (89% YoY)

2H: ¥16.8 billion (101% YoY)

FY: ¥32.0 billion (95% YoY)

## Other Business

1H: ¥6.8 billion (104% YoY)

2H: ¥7.2 billion (115% YoY)

FY: ¥14.0 billion (109% YoY)

# Seal Business

**1H FY2011 Forecast: ¥125.2 billion (93% YoY)**

**2H FY2011 Forecast: ¥139.8 billion (103% YoY)**

**FY2011 Forecast: ¥265.0 billion (98% YoY)**

■ The Precisions Components department was transferred from the seal business to the electric device product business. (FY2011 forecast approximately ¥13.4 billion)

103% compared with the corresponding period of the previous fiscal year on a pre-reorganization basis

■ Recovery in four-wheel vehicle production from the second quarter and beyond

(1H: 9,949 thousand units ⇒ 8,780 thousand units) 88% year on year

(2H: 9,503 thousand units ⇒ 11,500 thousand units) 121% year on year

(FY: 19,452 thousand units ⇒ 20,280 thousand units) 104% year on year

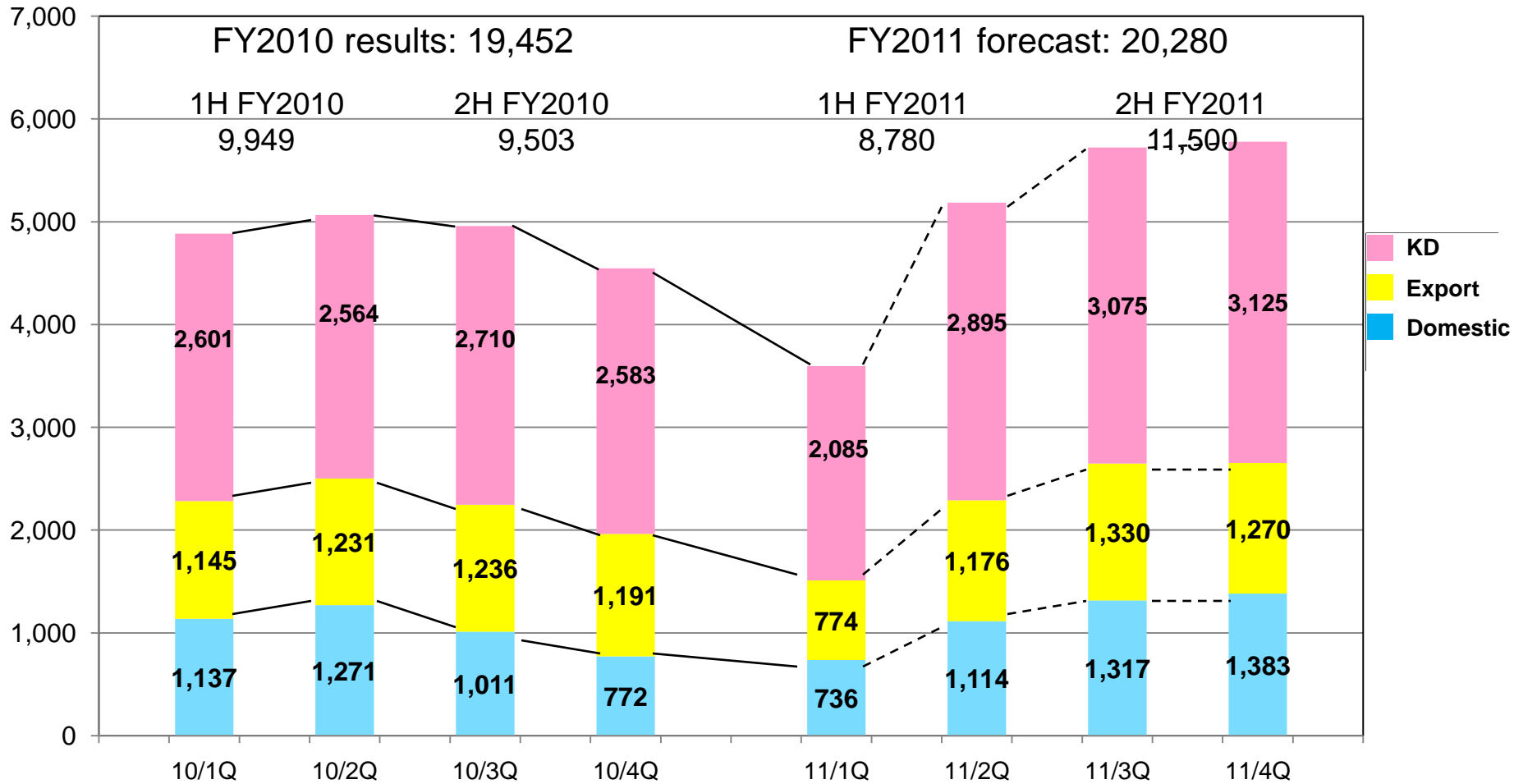
■ Increase in sales via unit manufacturers in Europe and the U.S.

■ Increase in construction machinery production volume; increase in sales to the water and gas industries in line with earthquake disaster countermeasures

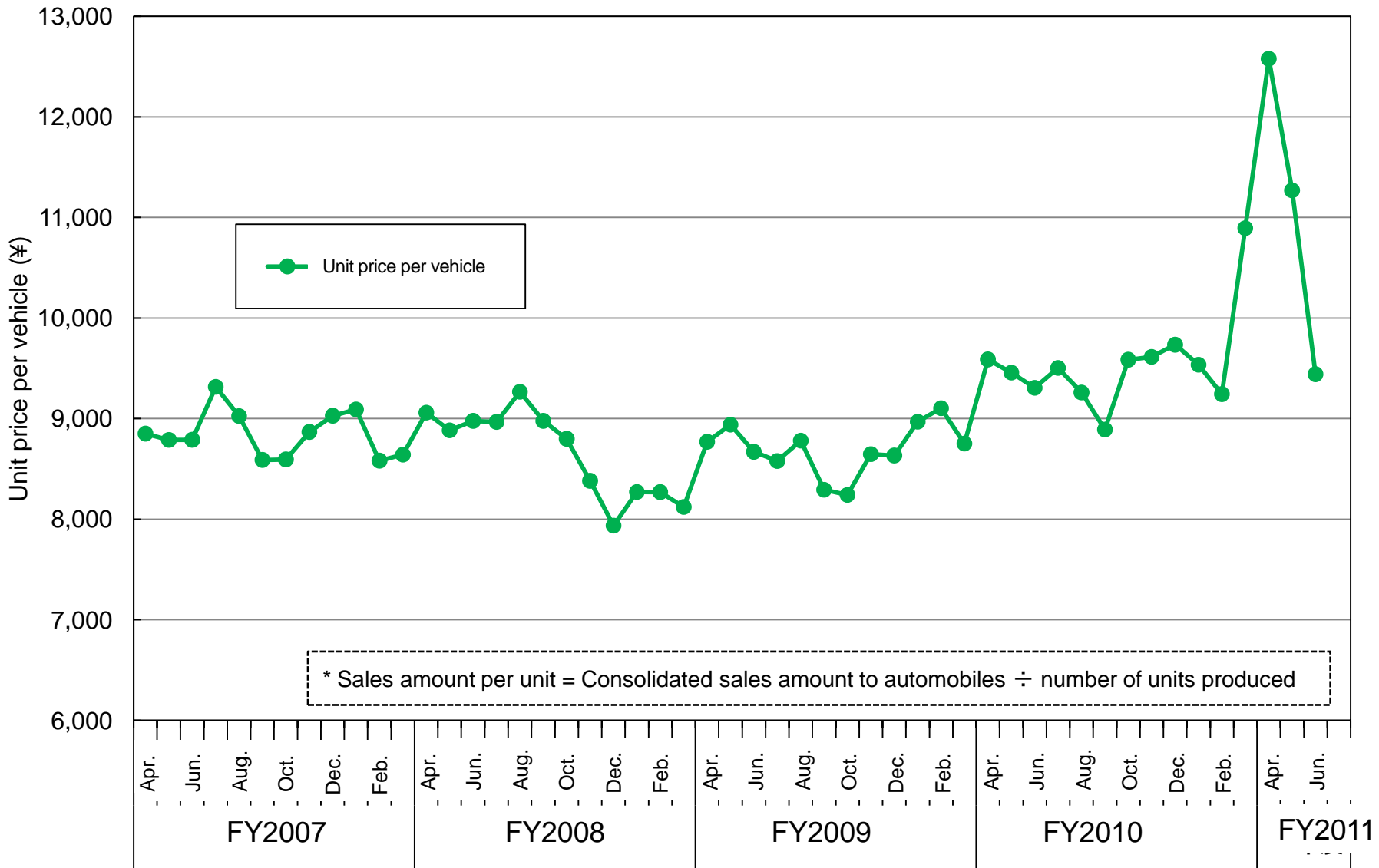
# Trends in Motor Vehicle Production

(FY2010-FY2011 quarterly results and forecast)

(Thousands of units)

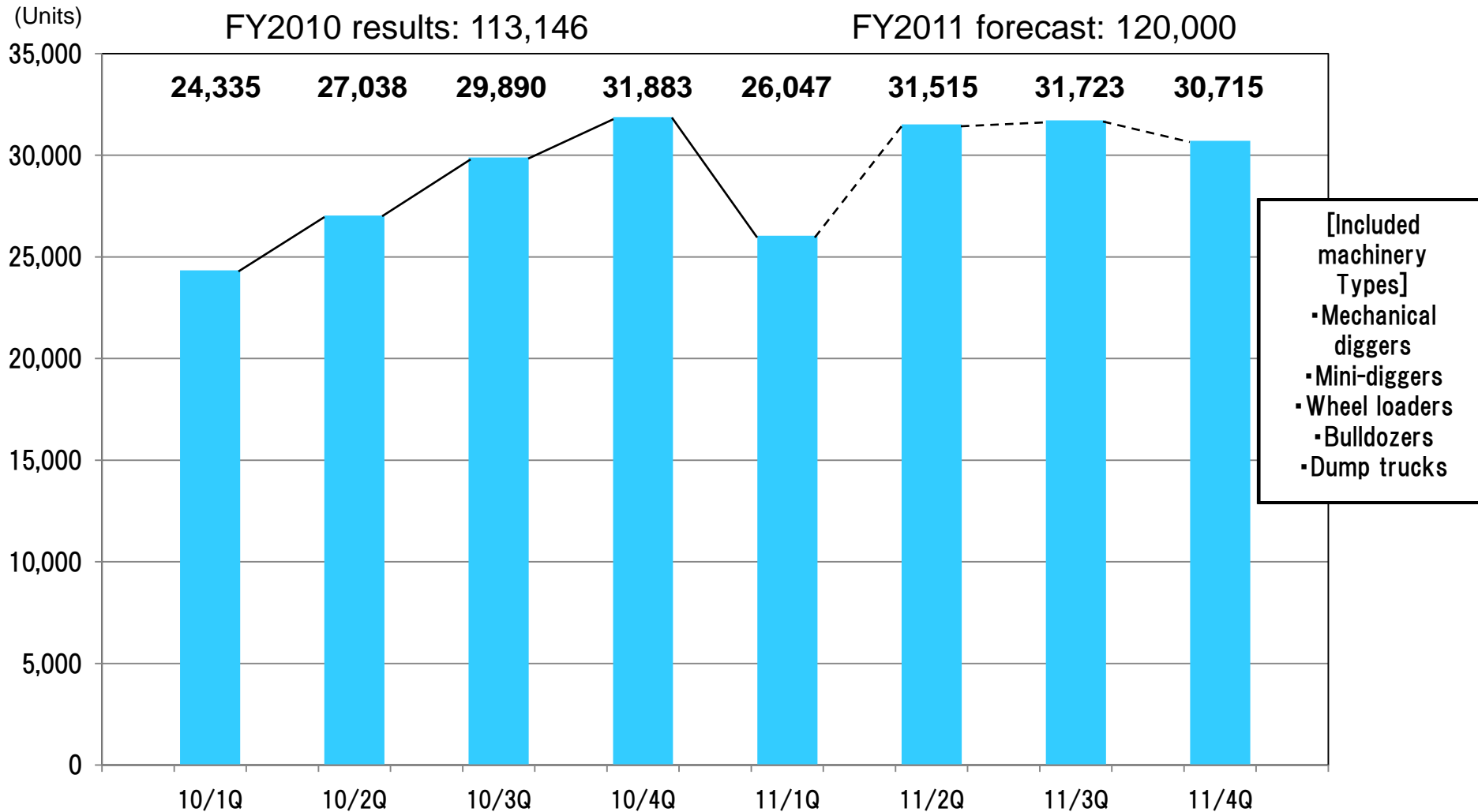


# Unit Price Per Vehicle



# Construction Machinery Output <Top 2 Makers>

(FY2010-FY2011 quarterly results and forecast)



# Electric Device Product Business

**1H FY2011 Forecast: ¥91.3 billion (101% YoY)**

**2H FY2011 Forecast: ¥108.7 billion (119% YoY)**

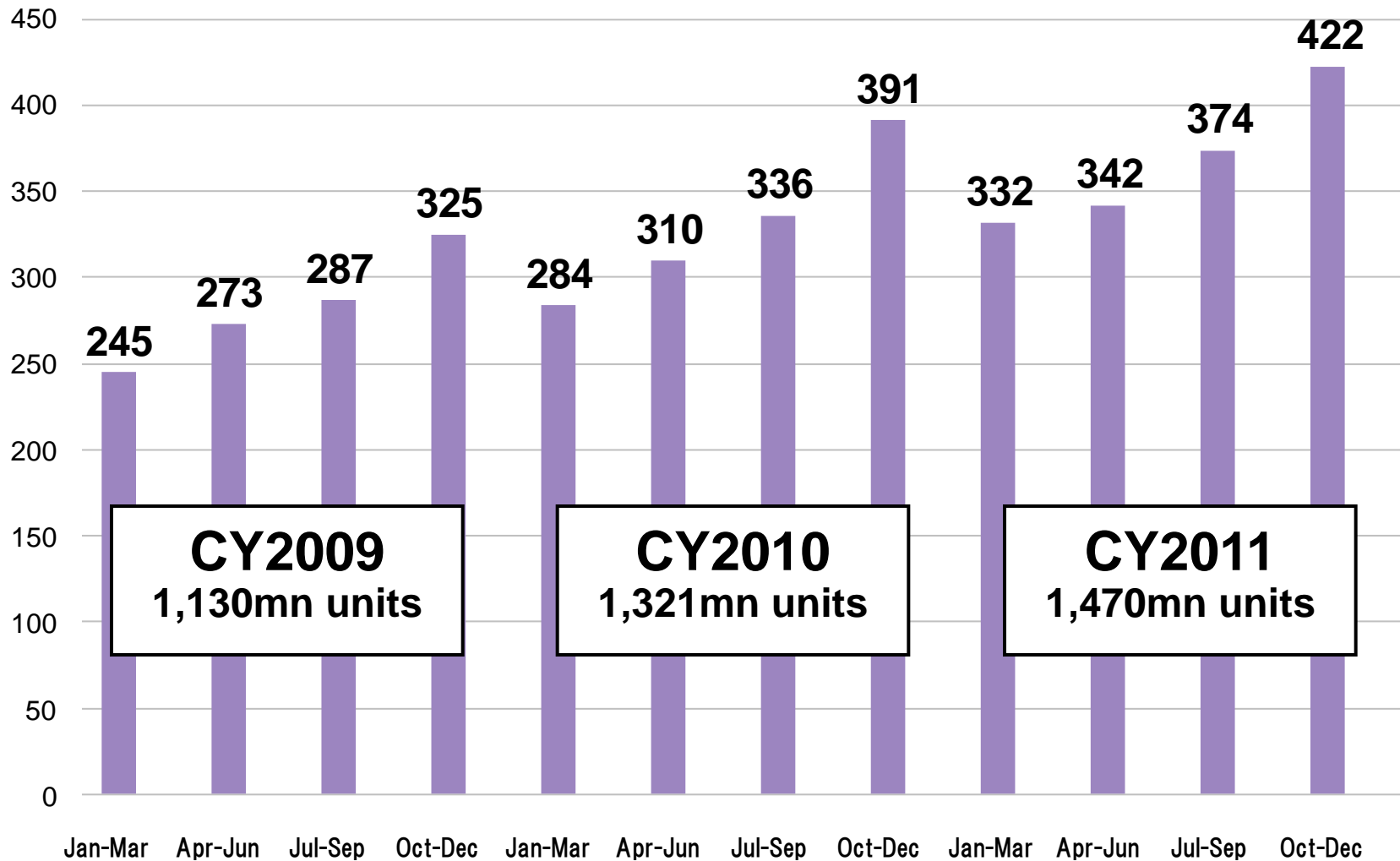
**FY2011 Forecast: ¥200.0 billion (110% YoY)**

- The Precision Components Department was transferred from the seal business to the electric device product business. (FY2011 forecast approximately ¥13.4 billion)
- Increase in sales in line with the increase smart phone production
- Increase in sales to tablet PCs
- Temporary decrease in production of HDDs and digital cameras due to difficulties in procuring components as a result of the earthquake; recovery projected from the second half

# Global Mobile Phone Shipments

(Millions of units)

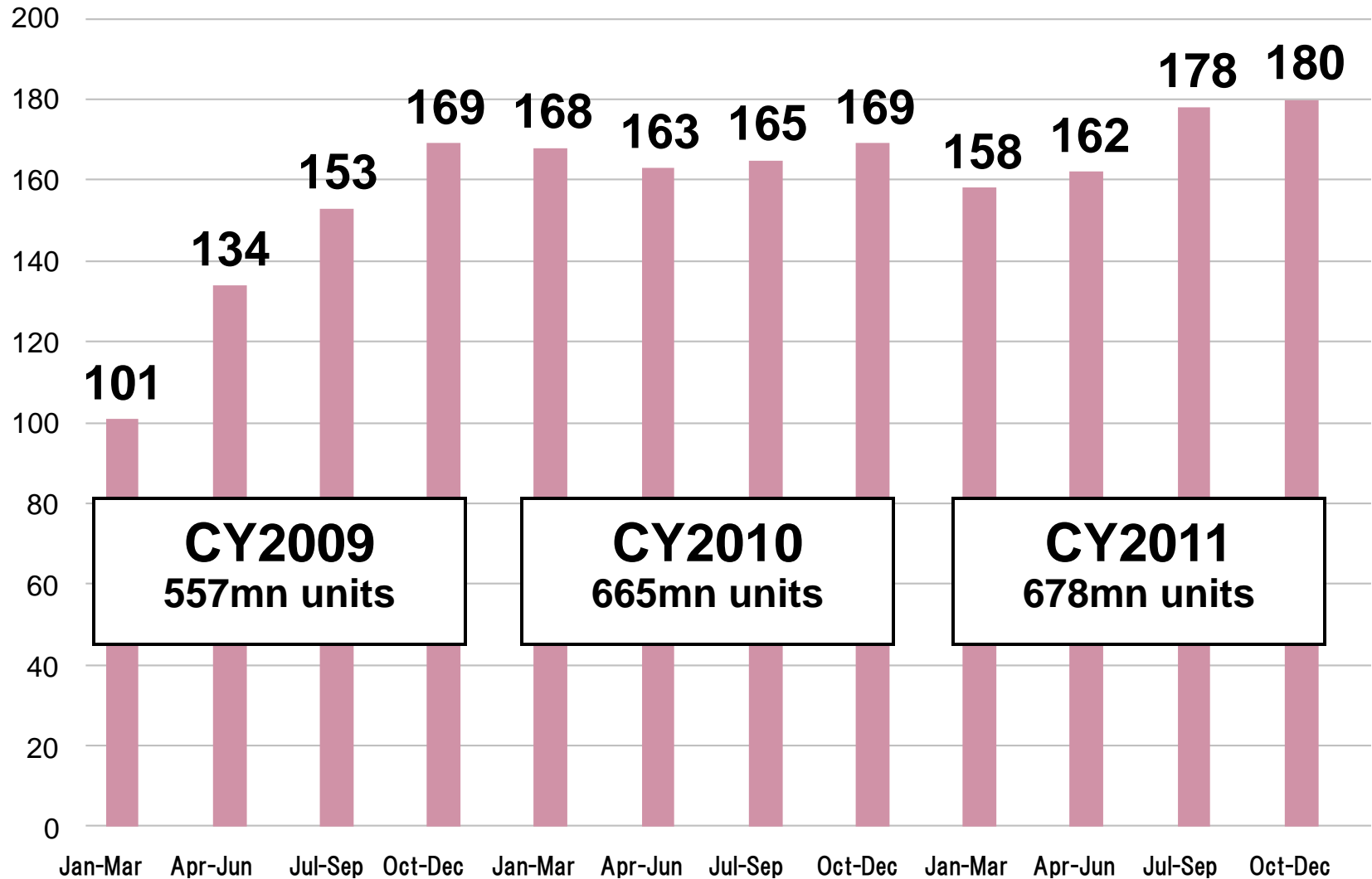
Sources: EM Data Service etc.



# HDD Production

(Millions of units)

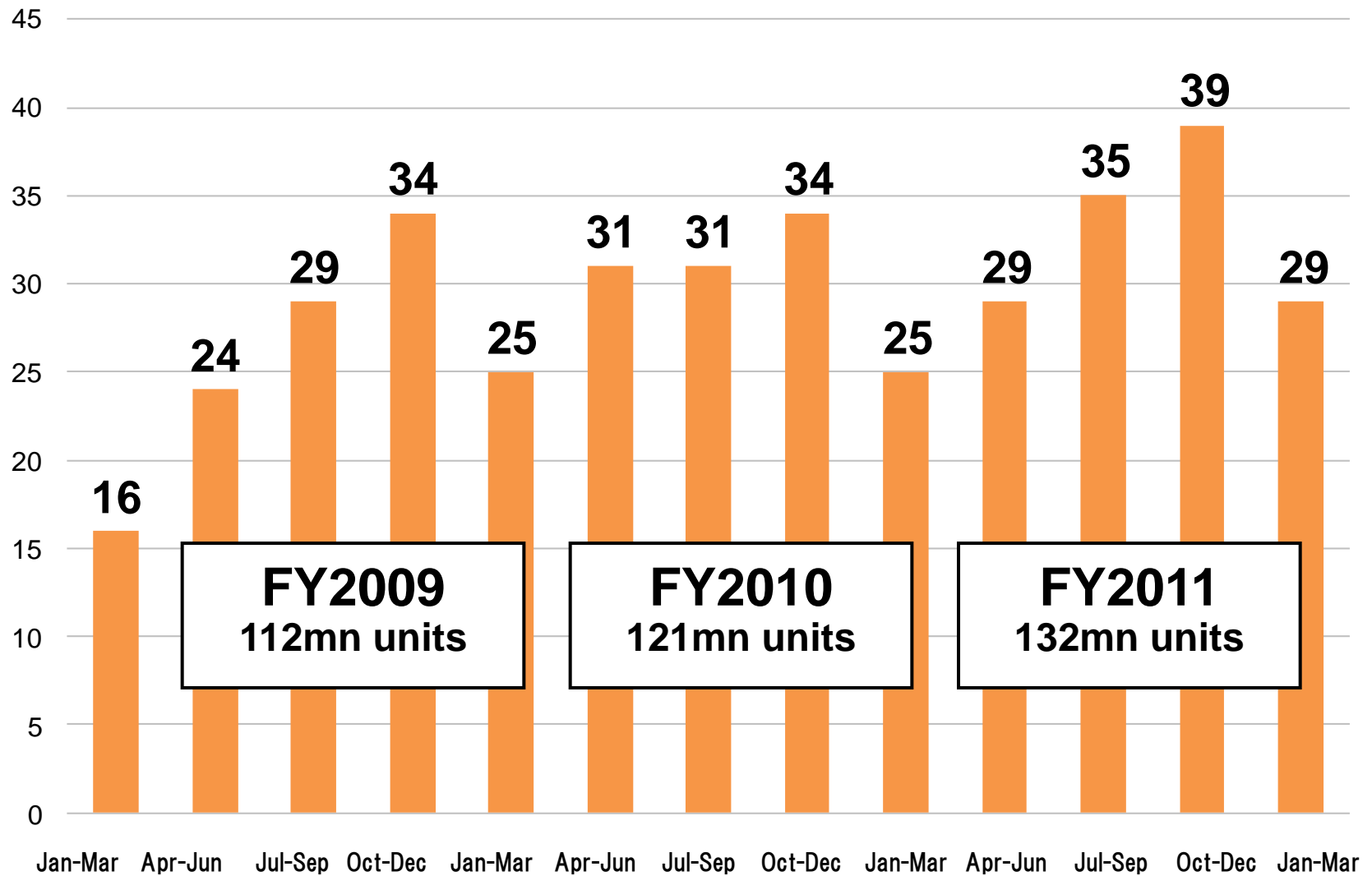
Source: NOK research



# Digital Still Camera Shipments

(Millions of units)

Sources: CIPA, NOK research



# Roll Business

**1H FY2011 Forecast: ¥15.2 billion (89% YoY)**

**2H FY2011 Forecast: ¥16.8 billion (101% YoY)**

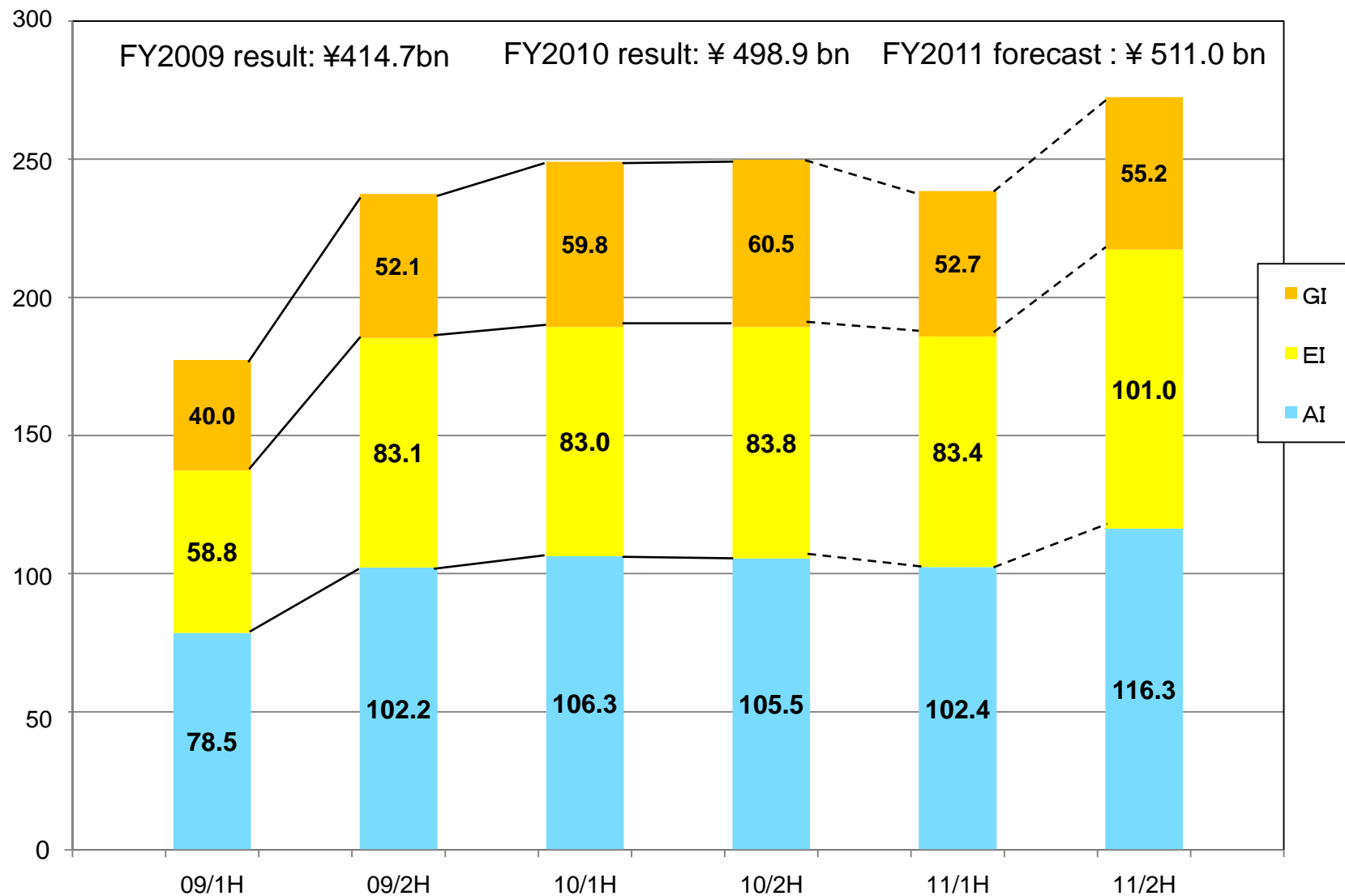
**FY2011 Forecast: ¥32.0 billion (95% YoY)**

- Drop in office equipment production and inventory adjustments by manufacturers as a result of the earthquake disaster
- While anticipated a recovery in the second half, forecast drop in revenue for the full fiscal year

# Consolidated Sales by Industry Sector

## ( FY2009-FY2011 half-yearly results and forecast )

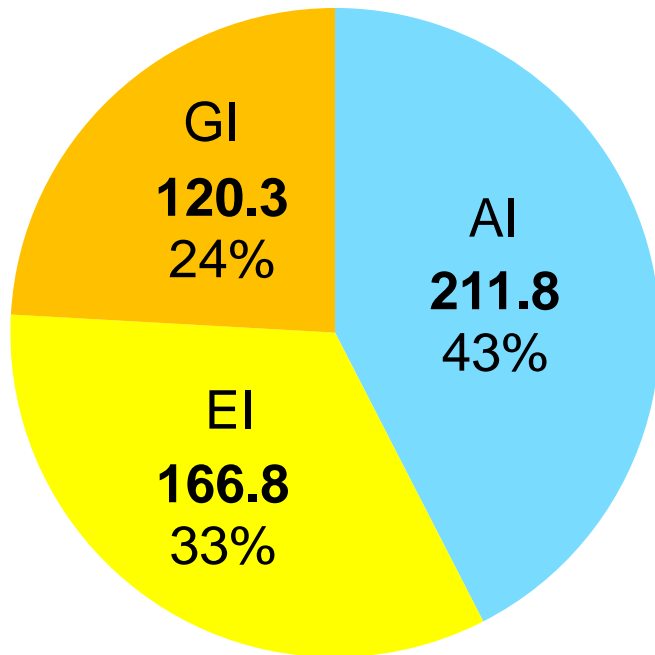
(Billions of yen)



# Consolidated Sales Forecast Breakdown (Industry sector)

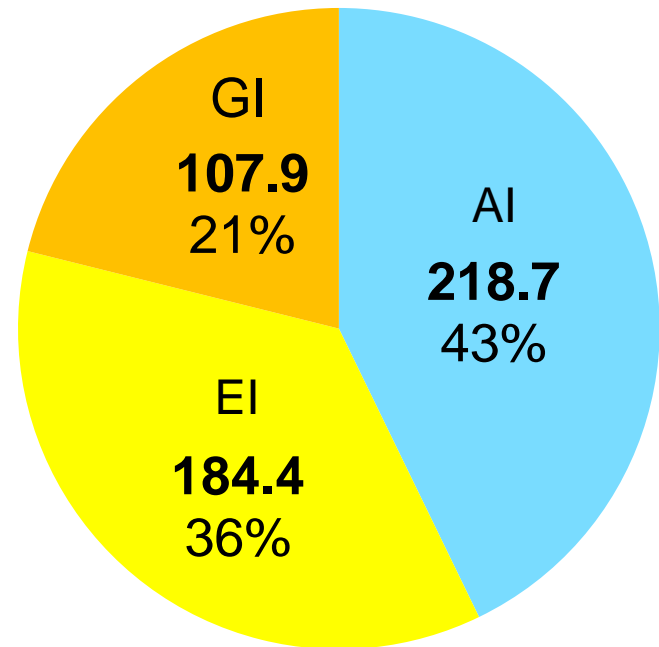
## **FY2010 net sales** **(cons.)**

(Billions of yen, %)



## **FY2011 net sales forecast** **(cons.)**

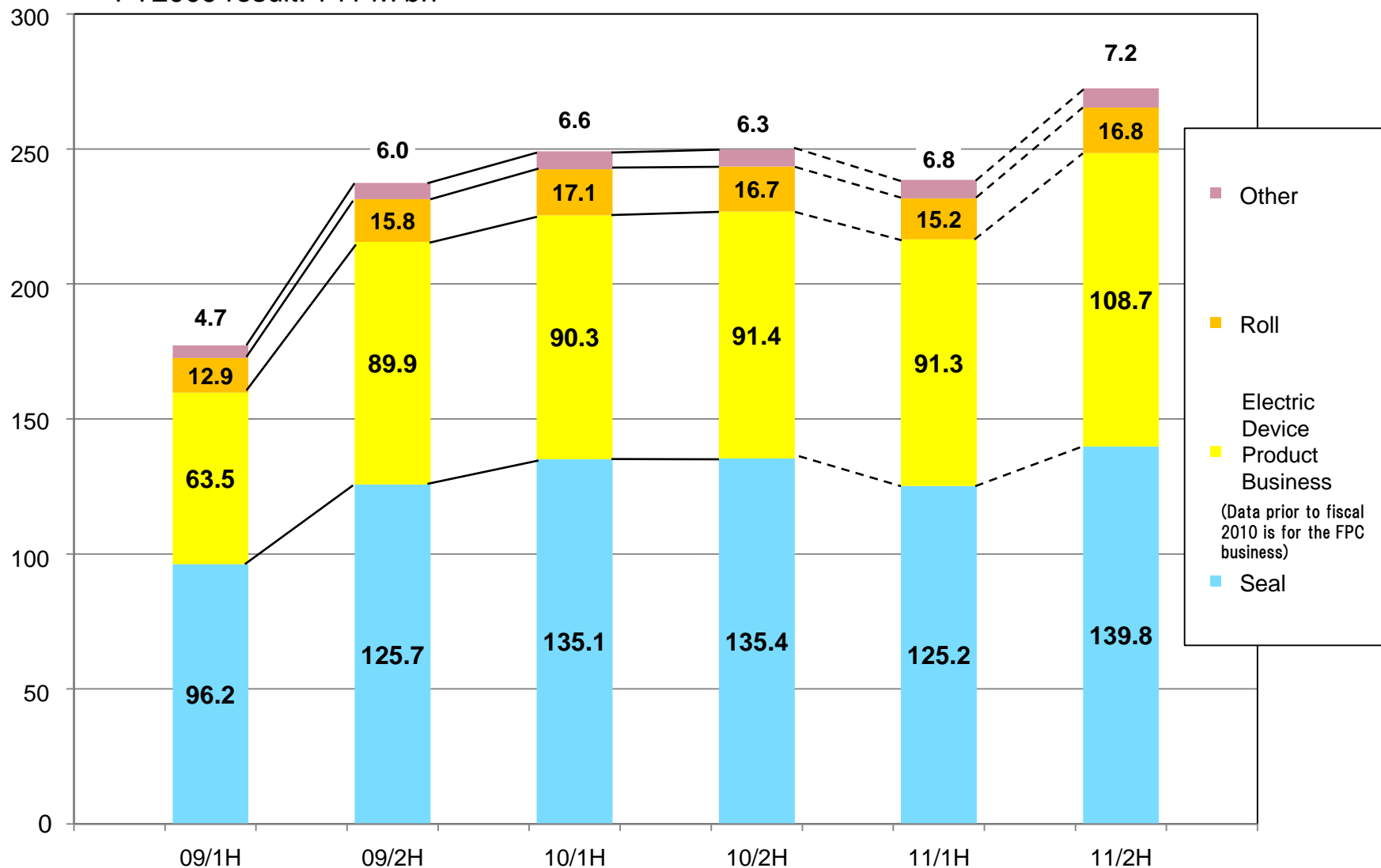
(Billions of yen, %)



# Consolidated Sales by Business Sector

## (FY2009-FY2011 half-yearly results and forecast)

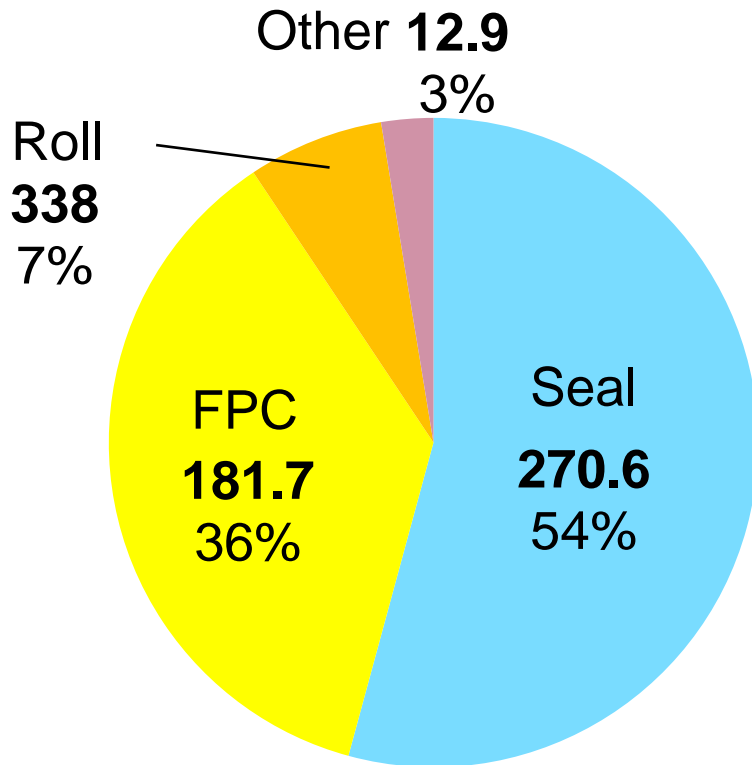
(Billions of yen) FY2009 result: ¥414.7bn FY2010 result: ¥ 498.9 bn FY2011 forecast : ¥ 511.0 bn



# Consolidated Sales Forecast Breakdown (Business sector)

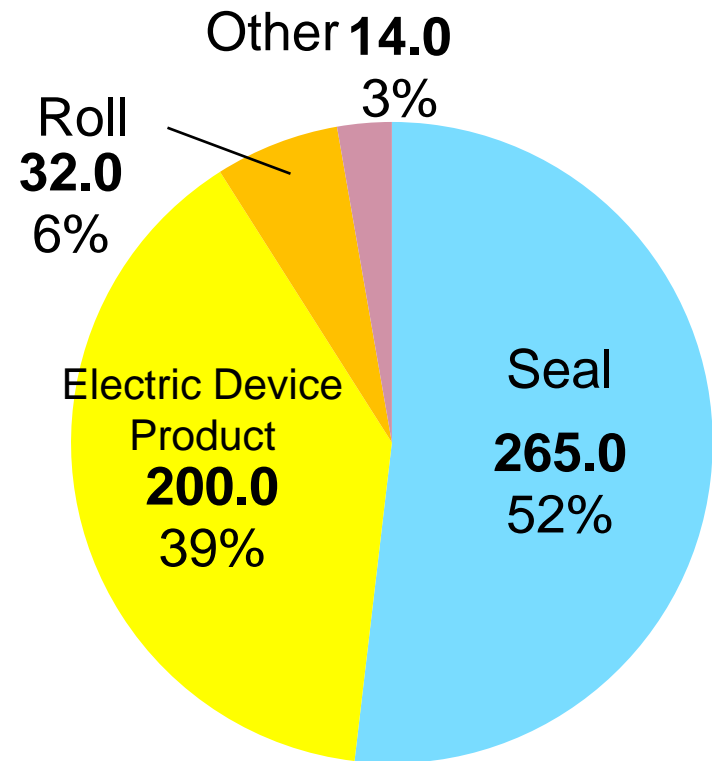
## **FY2010 net sales** **(cons.)**

(Billions of yen, %)



## **FY2011 net sales forecast** **(cons.)**

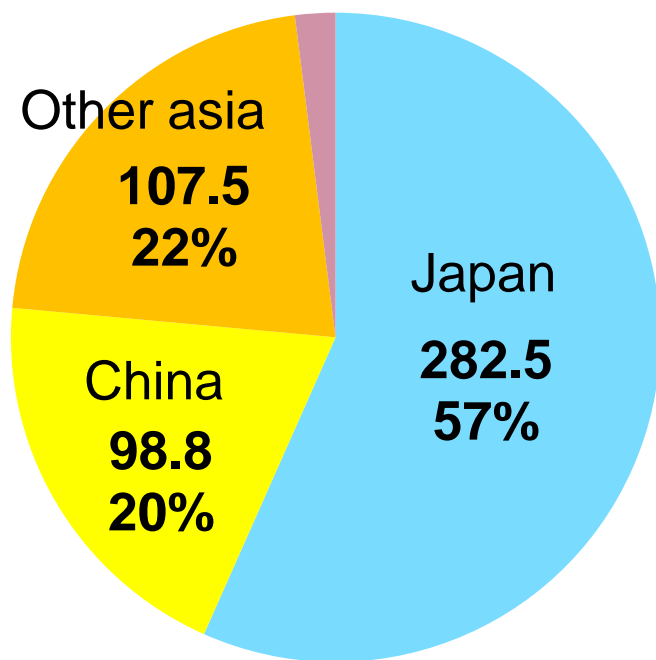
(Billions of yen, %)



# Consolidated Sales by Geographic Area (Overall)

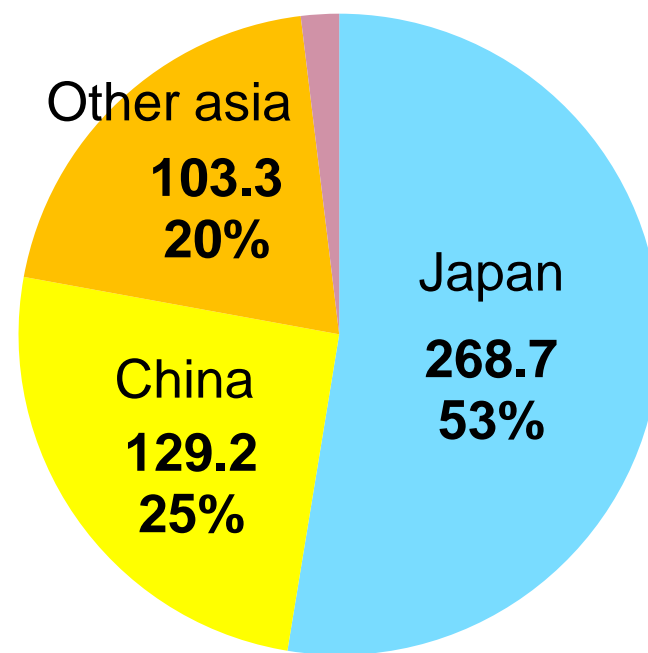
## **FY2010 net sales** **(cons.)**

(Billions of yen, %)



## **FY2011 net sales forecast** **(cons.)**

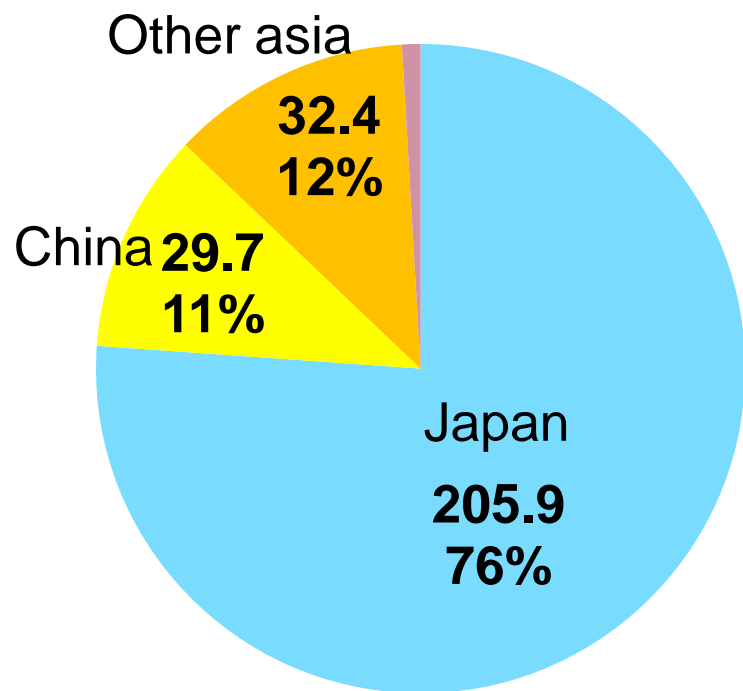
(Billions of yen, %)



# Consolidated Sales by Geographic Area (Seal business)

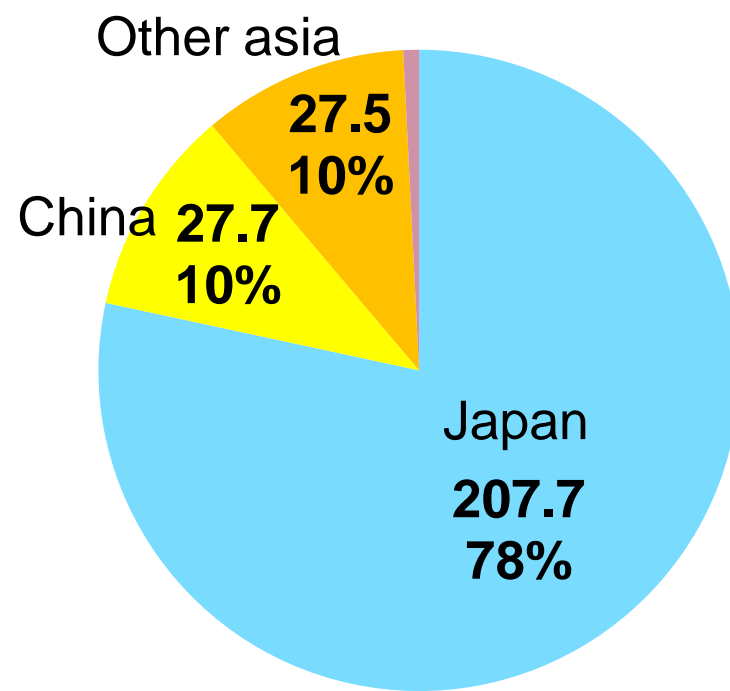
## **FY2010 net sales** **(cons.)**

(Billions of yen, %)



## **FY2011 net sales forecast** **(cons.)**

(Billions of yen, %)

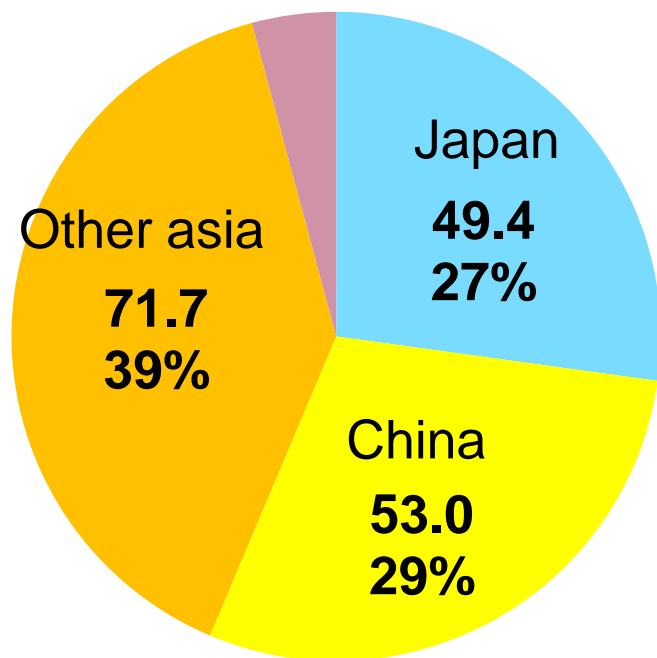


# Consolidated Sales by Geographic Area (Electric Device Product business)

\*FY2010 result is for the FPC business

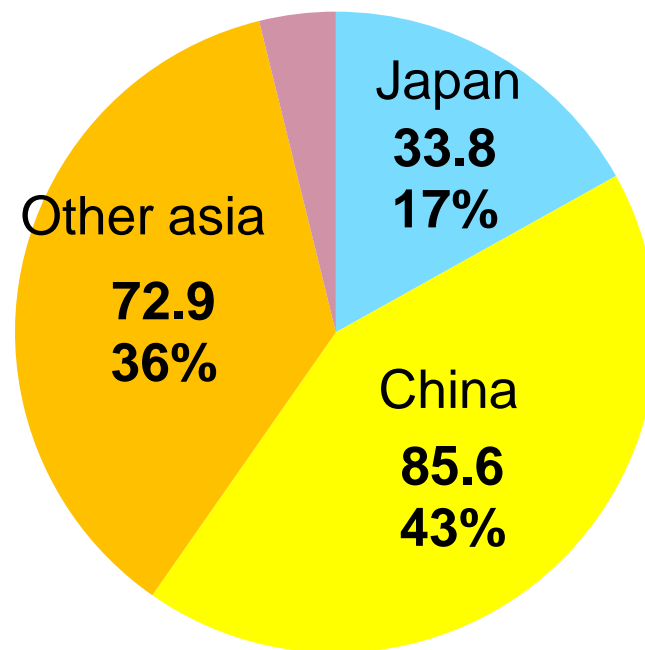
## **FY2010 net sales** **(cons.)**

(Billions of yen, %)

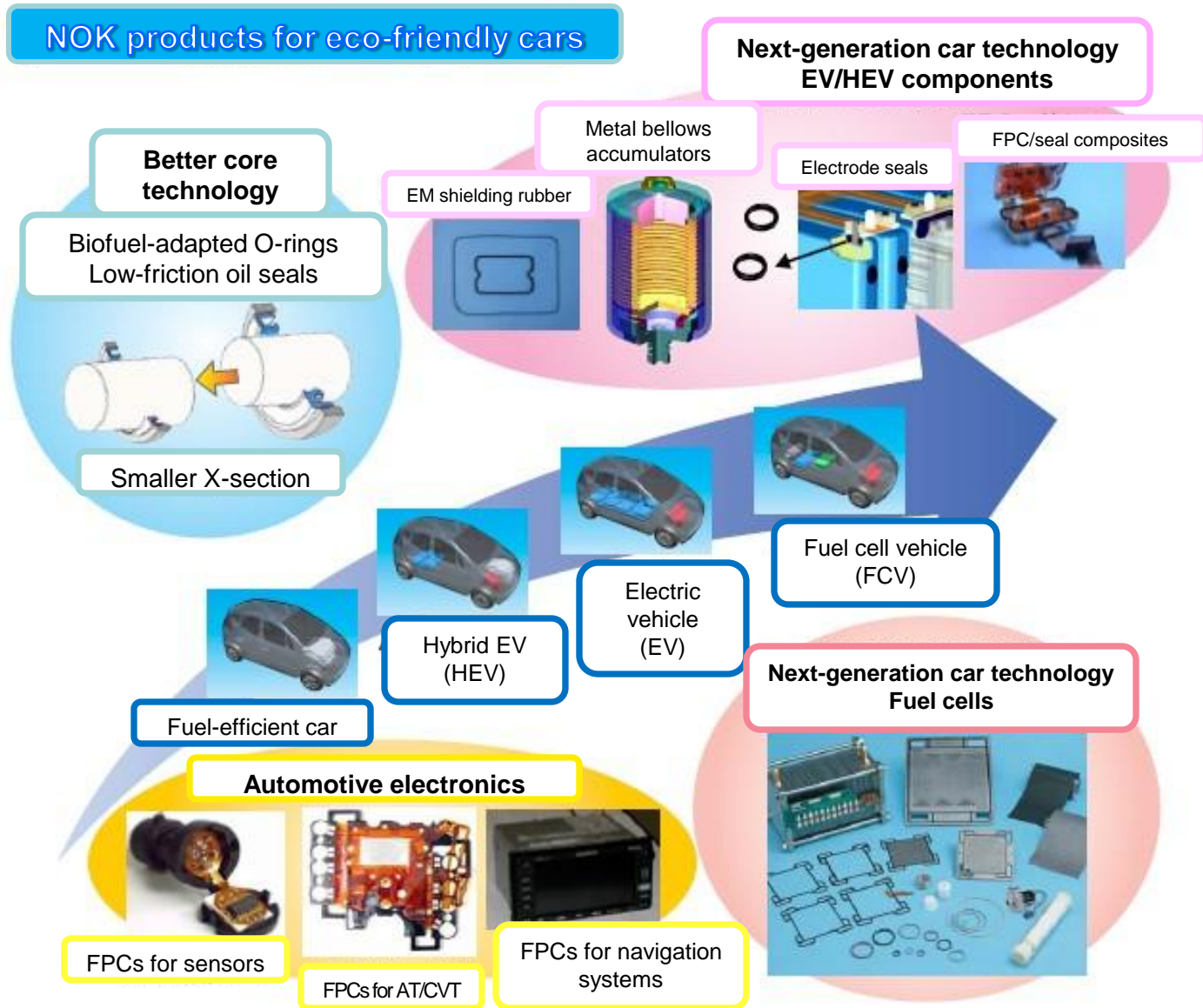


## **FY2011 net sales forecast** **(cons.)**

(Billions of yen, %)



# Expand Sales Via 3-Year Plan



# Example: Increase in sales to EVs

## Motors

- Oil seals: 2 points
- O-rings: 4 points
- Gaskets: 2 points

## Reducer

- Oil seals: 4 points

## Control brake

- O-rings : 5 points
- Gaskets: 2 points
- Seal ring: 1 point
- Grease



## Converter

- Gaskets: 4 points

## Inverter

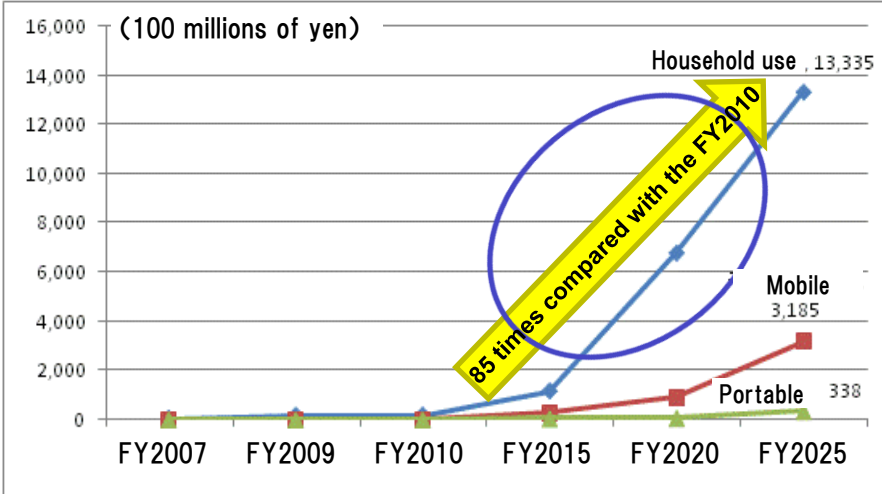
- Gaskets: 5 points

## Lithium-ion rechargeable battery

- Gaskets: 3 points

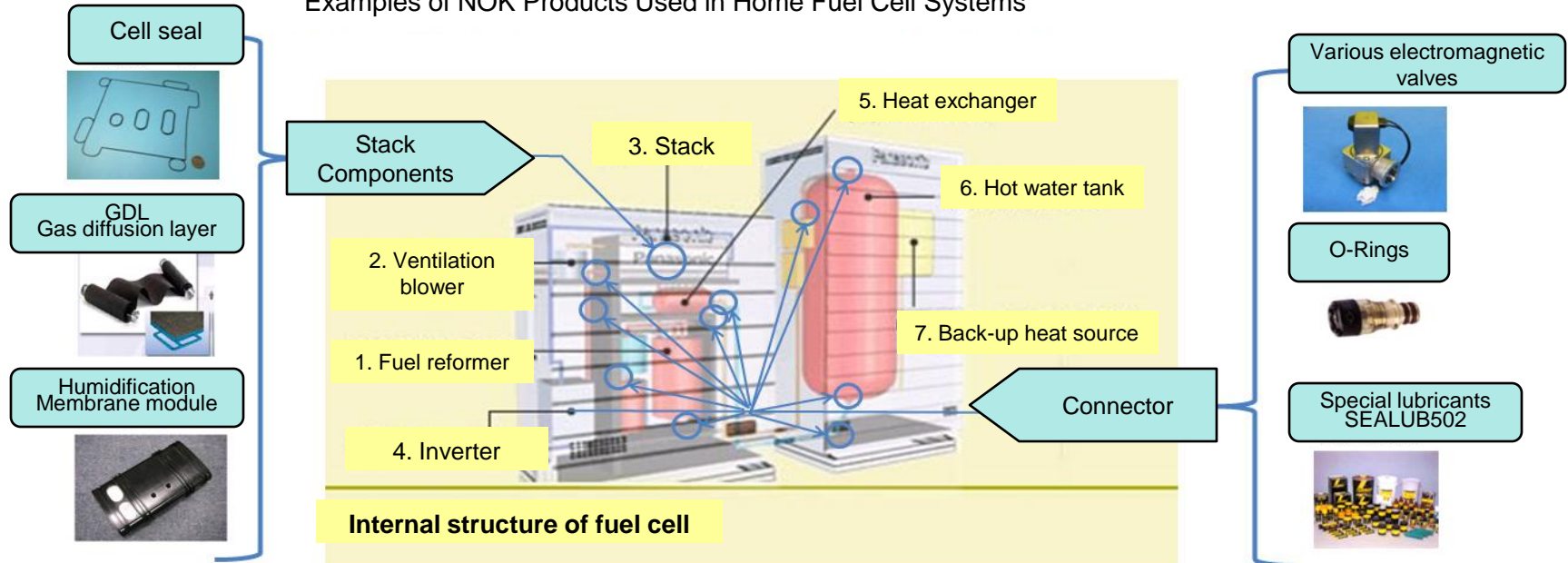
# Expand Sales Via 3-Year Plan <Housing-Related (Fuel Cells)>

GI fuel cell market scale (Announced by Fuji Keizai on March 24, 2011)



	CY2010	CY2015
Production	3,600 units	100,000 units

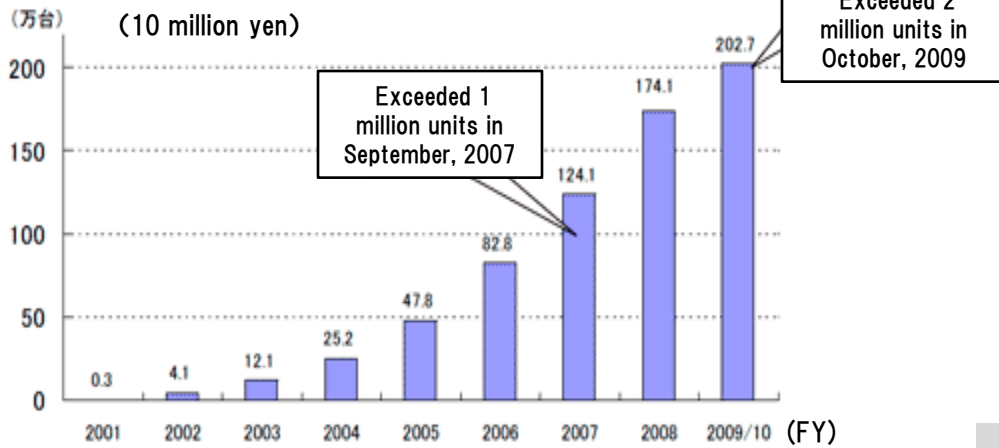
Examples of NOK Products Used in Home Fuel Cell Systems



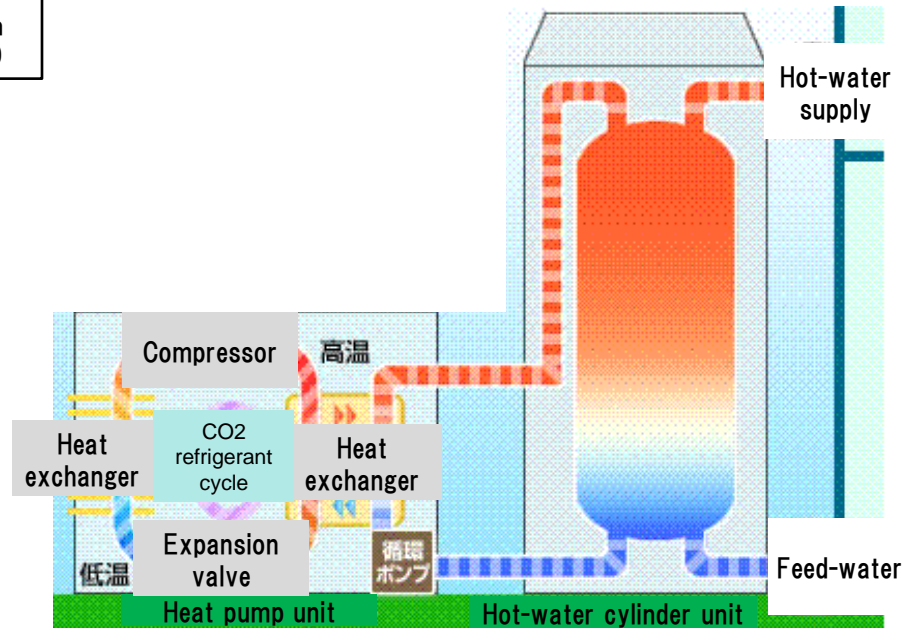
# Expand Sales Via 3-Year Plan <Housing-Related (Eco-Cute)>

Development and active ongoing expansion of sales of rubber materials that enhance heat and chlorine resistance in response to the expanding Eco-cute market

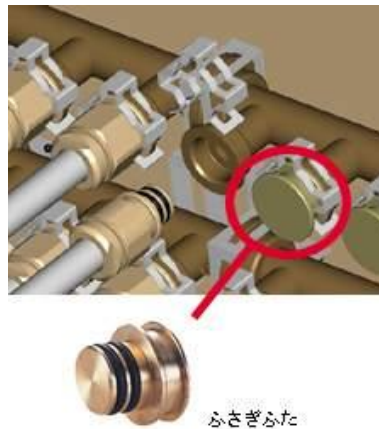
## Trends in the Eco-cure introduction volume



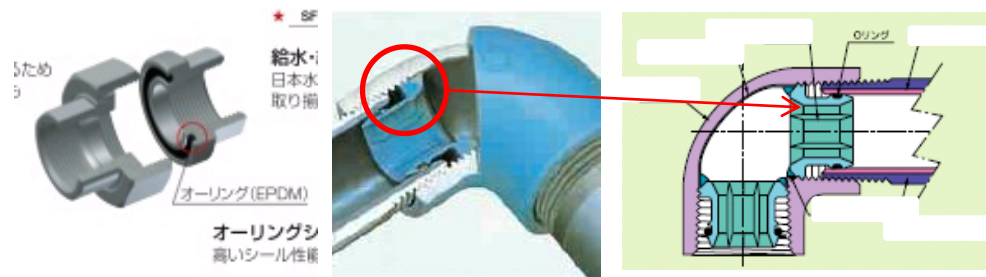
## Eco-cute



## Plastic pipe fitting joint



## Metal pipe fitting joint

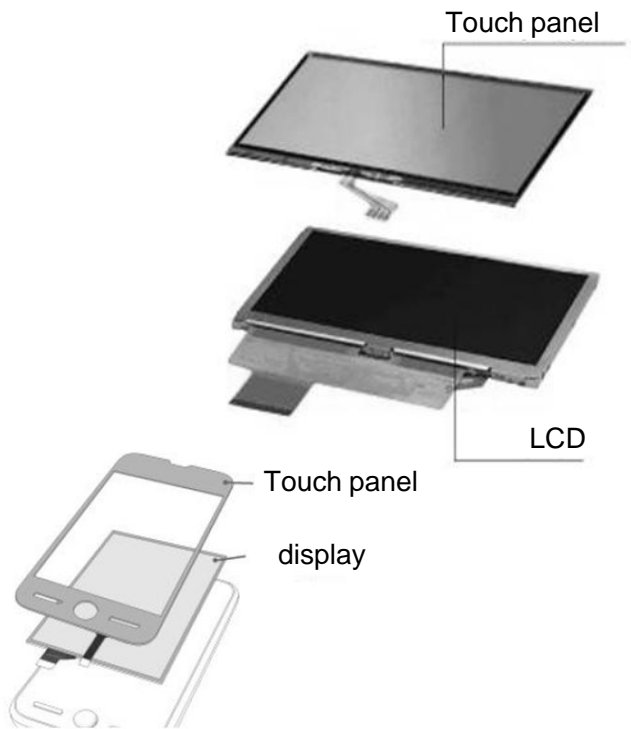


# Expand Sales Via 3-Year Plan

## <Expand FPC sales for Touch Panels>

### FPC for Touch Panels

Repeated use in liquid crystal displays



Increase in FPC parts used in mobile and other devices

expansion  
of touch  
panel  
markets

### Touch panel application devices

#### Smart phones



#### Tablet PCs e-books



#### Digital Camera



#### Car navigation system



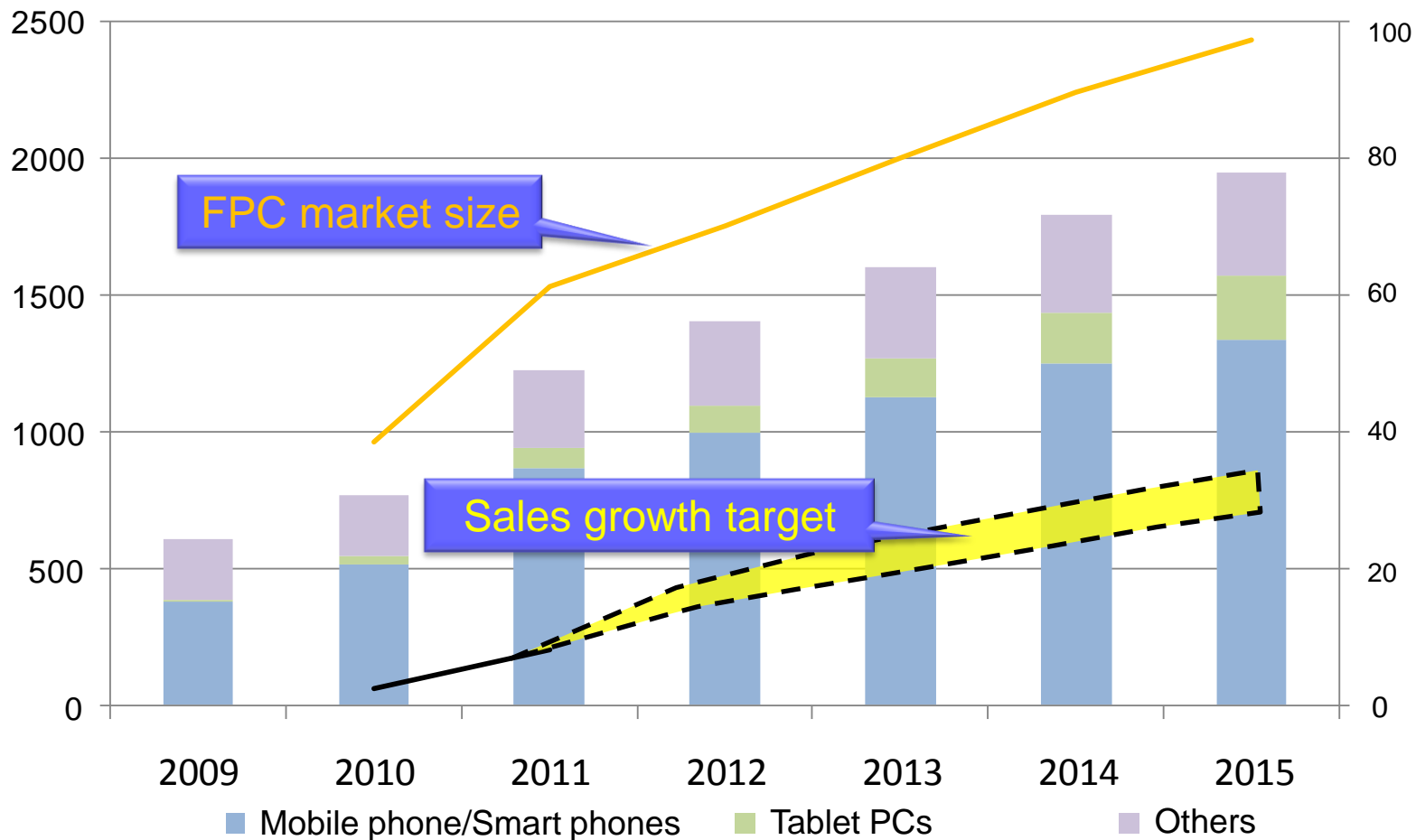
Sharp market growth due mainly to increased smart phone and tablet PC demand as well as application devices

# Touch Panel Production Volume and FPC Market Estimates

Source: NOK research

(Millions of units)

(Billions of yen)



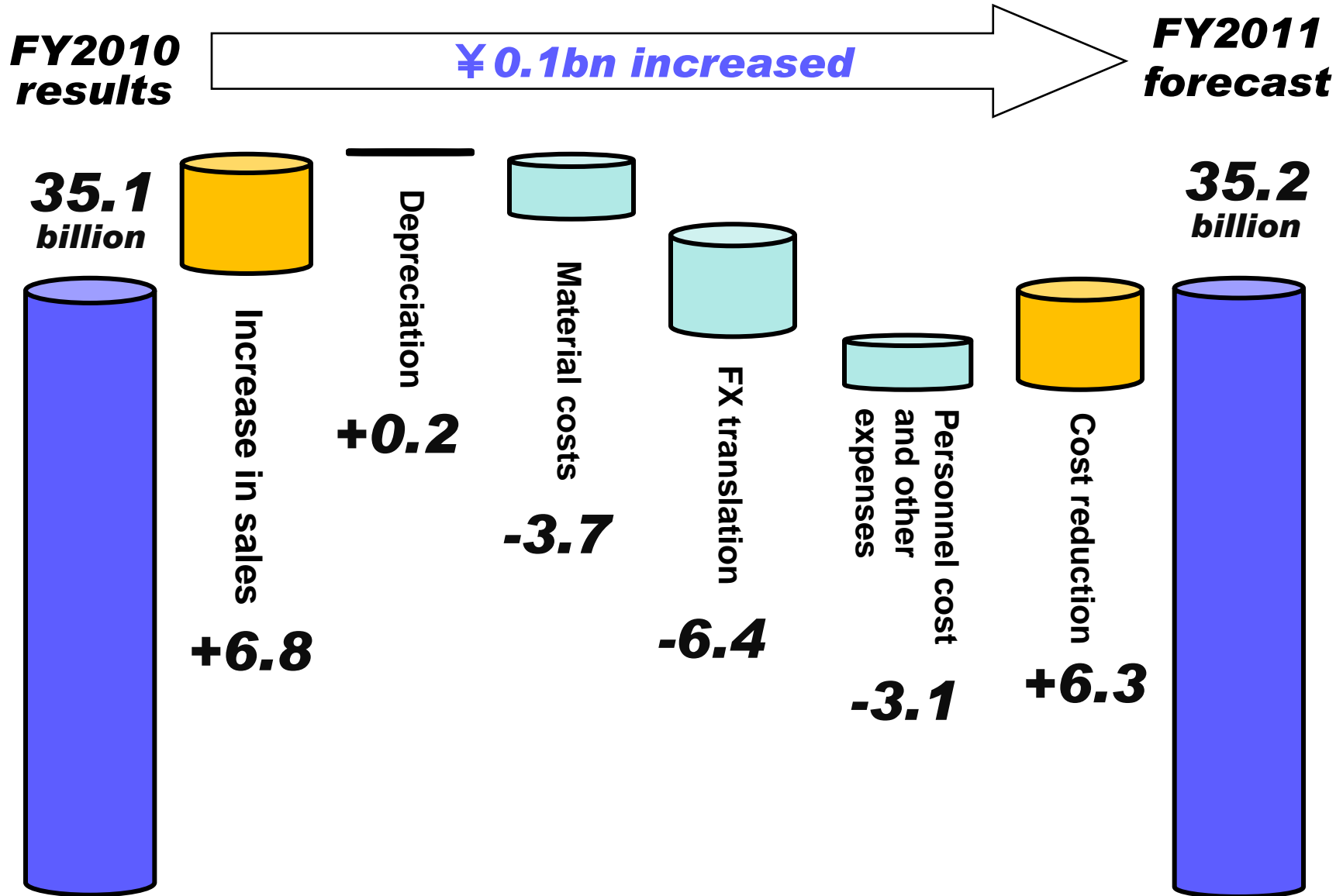
# ***Accounts Overview***

Akira Watanabe, Senior Operating Officer

# Business Segments

(Billions of yen)		<b>FY2010 Full-year results</b>	<b>1H FY2011 forecast</b>	<b>2H FY2011 forecast</b>	<b>FY2011 Full-year forecast</b>	<b>Change</b>	
Seal Business	External Sales	<b>270.6</b>	<b>125.2</b>	<b>139.8</b>	<b>265.0</b>	(-2.1%)	<b>-5.6</b>
	Operating Income	<b>27.2</b>	<b>11.1</b>	<b>16.3</b>	<b>27.4</b>	(0.7%)	<b>0.2</b>
Electric Device Product Business <small>(FY2010 data is for the FPC business)</small>	External Sales	<b>181.7</b>	<b>91.3</b>	<b>108.7</b>	<b>200.0</b>	(10.1%)	<b>18.3</b>
	Operating Income	<b>7.6</b>	<b>0.4</b>	<b>6.1</b>	<b>6.5</b>	(-15.0%)	<b>-1.1</b>
Roll Business	External Sales	<b>33.8</b>	<b>15.2</b>	<b>16.8</b>	<b>32.0</b>	(-5.3%)	<b>-1.8</b>
	Operating Income	<b>-0.6</b>	<b>-0.2</b>	<b>0.6</b>	<b>0.4</b>	(-)	<b>1.0</b>
Other Business	External Sales	<b>12.9</b>	<b>6.8</b>	<b>7.2</b>	<b>14.0</b>	(8.9%)	<b>1.1</b>
	Operating Income	<b>0.9</b>	<b>0.3</b>	<b>0.6</b>	<b>0.9</b>	(4.4%)	<b>0</b>
Total	Net Sales	<b>498.9</b>	<b>238.5</b>	<b>272.5</b>	<b>511.0</b>	(2.4%)	<b>12.1</b>
	Operating Income	<b>35.1</b>	<b>11.4</b>	<b>23.8</b>	<b>35.2</b>	(0.2%)	<b>0.1</b>

# Operating Income Change Factors



# Capital Expenditure/Depreciation

		(Billions of yen)			
		FY2009	FY2010	FY2010	FY2011
		Results	Forecast	Results	Forecast
Capital expenditure	Japan	<b>11.0</b>	<b>15.5</b>	<b>12.5</b>	<b>17.8</b>
	Asia	<b>6.9</b>	<b>11.4</b>	<b>11.0</b>	<b>17.1</b>
	Europe and the U.S	<b>0.4</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
	Total	<b>18.4</b>	<b>27.0</b>	<b>23.6</b>	<b>35.0</b>
Depreciation	Japan	<b>23.8</b>	<b>22.5</b>	<b>20.5</b>	<b>20.3</b>
	Asia	<b>129</b>	<b>133</b>	<b>12.9</b>	<b>12.9</b>
	Europe and the U.S	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>
	Total	<b>37.0</b>	<b>36.2</b>	<b>33.7</b>	<b>33.5</b>



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