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December 10, 2020

Notice of Acquisition of Condition Monitoring System Business

NSK Ltd. today announced that its Board of Directors has resolved to acquire the condition monitoring system ("CMS") business known as Brüel & Kjær Vibro ("B&K Vibro"), by signing an agreement with Spectris Plc., the UK-based owner of B&K Vibro.

1. Background and Objectives of the Acquisition

In recent years, predictive maintenance, a next-generation maintenance method, has been attracting attention in manufacturing circles. Predictive maintenance type condition monitoring of equipment and production lines not only helps with maintenance management, but also will be utilized to detect early signs of abnormality or failure and contribute to preventing problems from occurring in the future. Through the analysis of obtained condition information, predictive maintenance systems are expected to contribute to productivity and quality improvements, and to serve as a means of production innovation in line with the accelerating digital transformation of manufacturing infrastructure. NSK's main products, including bearings, are key components that support the function and performance of equipment, and the wealth of data, technology, and knowledge NSK has accumulated over the years is key to developing predictive maintenance systems.

In NSK's mid-term management plan (FY2019-2021), "building up a CMS business" was set as a new mechanism for growth. Specifically, NSK plans to evolve from providing breakdown and remaining life expectancy diagnosis to providing comprehensive technical service solutions to customers for problems and issues faced by equipment and machinery across a wide range of industries.

Now, with the aim of accelerating the implementation of the mid-term management plan and to enhance NSK's platform in the CMS business, a growing market, NSK has decided to acquire B&K Vibro, which is a leading specialist in the CMS market and is expected to continue to grow faster than the market. B&K Vibro will function independently as an autonomous organization under the direct supervision of the President and CEO of NSK, and will be able to more rapidly develop its business by utilizing NSK's resources.

NSK has positioned B&K Vibro as a growth driver in CMS. Gaining access to B&K Vibro's high-profile customer base, technology, brand reputation, CMS talent, and big data enables NSK to accelerate CMS business development. The acquisition will further strengthen NSK's ability to respond to the needs of society for automation, labor savings, smart technology, and environmental measures.

2. Overview of B&K Vibro

B&K Vibro, as it is known today, was formed in 2000 by the merger of the German company Schenck, founded in 1881, and the Danish company Brüel & Kjær, founded in 1942. As an early provider of continuous monitoring solutions for deep sea oil rigs, B&K Vibro was a pioneer in the CMS market for rotating machinery and is now a worldwide leader in facility maintenance and condition monitoring solutions for rotating machinery such as pumps, turbines, compressors and generators.

B&K Vibro is a leading supplier in the CMS market. Its products and services include a comprehensive range of products such as vibration sensors (acceleration, velocity, displacement), vibration monitors, software, and online-integrated plant-wide monitoring solutions, enabling safe and secure operation in petrochemical complexes, plants, power plants, and wind farms worldwide. and are widely used for production innovation.

Reference

Representative:	CEO Marcel van Helten
Business Scale*:	Sales €52.5 million (about ¥6.5 billion)
Number of Employees:	Approximately 220
Main Business:	Manufacture and sale of condition monitoring devices and sensors, condition monitoring services, etc.
Sales by Industry:	Wind power (42%), oil and gas (16%), hydro and thermal power (7%), others (35%)
Sales by Region:	Europe (43%), Asia (29%), the Americas (22%), others (6%)
CMS Installations:	Wind power: Over 30,000 Hydro power: Over 800 LNG and oil refining: Over 10,000

**Approximate consolidated value (unaudited) converted to Euros for the 2019 calendar year. Other B&K Vibro financial information is not presented due to being unaudited administrative figures.*

3. About Spectris Plc.

Representative:	CEO Andrew Heath
Head Office:	Egham, UK
Established:	1915 (Listed on the London Stock Exchange)
Business Description:	Manufacture and sale of advanced precision instruments, controllers, scientific analyzers and other products. Employs approximately 8,500 people in more than 30 countries around the world.
Capital:	£6 million
Total Assets:	£1,974 million (approximately ¥272 billion)
Net Assets:	£1,321 million (approximately ¥182 billion)
Sales:	£1,632 million (approximately ¥225 billion)
Major Shareholders and Shareholding Ratio:	Massachusetts Financial Services Company (11.03%), FMRLLC (5.37%), Oppenheimer Funds, Inc (4.83%)
Relationship with the Company:	There is no capital, personal, or business relationship between Spectris Plc. and NSK Ltd.

4. Purchase Price and Payment Method

The purchase price of B&K Vibro is approximately €169 million (approximately ¥21 billion), and the acquisition will be funded by cash on hand.

5. Schedule

(1) Date of Board of Directors Resolution	December 10, 2020
(2) Contract Signing Date	December 10, 2020
(3) Effective Date	End of March 2021 (planned)

6. Effect on NSK's Business Performance

If the acquisition is completed, the impact on NSK's consolidated results will be minimal.