

**Financial Results for the Nine Months Ended December 31, 2017**  
**[Japanese Accounting Standards] (Consolidated)**  
**(Unaudited)**

January 31, 2018

NTN Corporation  
Security Code: 6472  
Listings: Tokyo Stock Exchanges  
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Supplementary material of the financial results: Prepared  
Investor meeting: Scheduled

1. Consolidated Financial Results for the Nine Months Ended December 31, 2017  
(April 1, 2017 to December 31, 2017)

(Amounts rounded down to the nearest million yen)

(1) Operating Results

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders (parent company)	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2017	548,455	10.1	27,112	9.2	22,242	3.5	13,779	41.9
Nine months ended December 31, 2016	498,338	-7.3	24,830	-32.5	21,496	-27.6	9,713	1.3

Note: comprehensive income: Nine months ended December 31, 2017 : 35,863 million yen (215.5 %)  
Nine months ended December 31, 2016 : 11,366 million yen (317.9 %)

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended December 31, 2017	25.95	—
Nine months ended December 31, 2016	18.28	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Nine months ended December 31, 2017	836,858	273,408	30.7
Year ended March 31, 2017	798,891	245,050	28.7

Note: Shareholders' equity Nine months ended December 31, 2017 : 257,049 million yen  
Year ended March 31, 2017 : 229,243 million yen

2. Dividends

(Record date)	Dividends per share				
	at 1st quarter end	at 2nd quarter end	at 3rd quarter end	at fiscal year end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2017	—	5.00	—	5.00	10.00
Year ending March 31, 2018	—	7.50			
Year ending March 31, 2018 (forecast)			—	7.50	15.00

Notes: Adjustment from the previously published forecast of dividends: None  
Details of dividends

At 2<sup>nd</sup> quarter end, year ending March 31, 2018:

Ordinary dividend of 5.00 yen, Commemorative dividend of 2.50 yen

At fiscal year end, year ending March 31, 2018 (forecast):

Ordinary dividend of 5.00 yen, Commemorative dividend of 2.50 yen

### 3. Forecast of Consolidated Earnings for the Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholder (parent company)		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	720,000	5.4	39,000	9.5	32,000	8.1	13,000	359.3	24.48

Notes: Adjustment from the previously published forecast of earnings: None

#### \* Notes to consolidated financial statements

(1) Significant changes in subsidiaries during the period (Scope of consolidation): None

(2) Adoption of accounting method specific to the preparation of consolidated quarterly financial statements: Adopted

(Note) For further details, refer to “(4) Notes to Consolidated Financial Statements” (Adoption of Accounting Method Specific to the Preparation of Quarterly Consolidated Financial Statements) in “2.Consolidated Financial Statements for the Nine Months” on page 10 of Attached Documents.

(3) Changes in accounting principles and accounting estimates and retrospective restatement

- |   |      |
|---|------|
| 1) Changes in accounting principles due to amendment to accounting standards: | None |
| 2) Changes other than above:  | None |
| 3) Changes in accounting estimates:   | None |
| 4) Retrospective restatement:   | None |

(4) Number of shares issued and outstanding (Common stock)

1) Number of shares issued and outstanding at end of the period (treasury stock included):

Nine months ended December 31, 2017:	532,463,527 shares
Year ended March 31, 2017:	532,463,527 shares

2) Number of treasury stock at end of the period:

Nine months ended December 31, 2017:	1,405,614 shares
Year ended March 31, 2017:	1,388,394 shares

3) Average number of shares outstanding during the quarter:

Nine months ended December 31, 2017:	531,064,737 shares
Nine months ended December 31, 2016:	531,378,133 shares

\* This financial results report for the first half quarter is exempt from quarterly review.

#### \* Notes

All descriptions about the future of the Company contained herein including earnings forecasts are prepared on the basis of data and information currently in our possession as well as certain assumptions that are deemed reasonable, and therefore are not meant to have us committed to their achievement. Various factors may cause actual results to substantially differ from those described herein. For further details, please refer to “(3) Explanation regarding Information on Future Forecast, including Forecast of Consolidated Earnings” of “1. Qualitative Information of Consolidated Financial Statement” on page 3 of Attached Documents.

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## 1. Qualitative Information of Consolidated Financial Statements for the Nine Months ended December 31, 2017

### (1) Explanation regarding Consolidated Operating Results

During the third half of fiscal year under review (April 1 - December 31, 2017), the Japanese economy saw a continued moderate recovery reflecting improvement of employment and income environment. Looking at overseas economy, the U.S. economy continued showing the steady recovery in production of construction machinery while the automotive production was less than previous year. The European economy also saw a moderate recovery although there is uncertainty due to the withdrawal of the U.K from the E.U. The economic conditions in China and other emerging countries showed signs of recovery.

In this environment, under the three-year Medium-term Management Plan "NTN 100" started in April 2015, the NTN Group aims to transform and build a foundation toward "Our Vision" in a bid to mark the 100th anniversary in March 2018 and achieve sustainable growth for the next 100 years. Through these efforts, we are now promoting various initiatives, with three basic policies of "Manage Growth" where management resources (persons, materials, and cash) are concentrated in priority areas, "Manage Profitability" where we reform our business structure from volume to value to generate profit, and "Manage Foundation" where our management and financial foundations are strengthened.

For Nine Months ended December 31, 2017, net sales were 548,454 million yen (a year-on-year increase of 10.1 %). In terms of income, operating income was 27,112 million yen (a year-on-year increase of 9.2 %) and ordinary income was 22,242 million yen (a year-on-year increase of 3.5 %). As a result, net quarterly income attributable to shareholder (parent company) was 13,779 million yen (a year-on-year increase of 41.9 %).

Operating results by reporting segment (company location) were as follows:

#### (1) Japan

Sales in aftermarket applications increased in industrial machinery aftermarket applications. Sales in industrial machinery applications increased in construction machinery, gear box and others. Sales in automotive applications also increased reflecting an increase of customer demand and other factors. As a result, net sales were 259,267 million yen (a year-on-year increase of 9.6 %). The segment income was 6,997 million yen (a year-on-year increase of 105.4 %) due principally to the effect of increased sales, exchange rates and other factors.

#### (2) Americas

Sales in aftermarket applications increased in industrial aftermarket applications. Sales in industrial machinery applications also increased in construction machinery. Sales in automotive applications decreased due principally to a decrease of customer demand. Overall, net sales were 146,437 million yen (a year-on-year increase of 5.7 %). The segment income was 5,380 million yen (a year-on-year increase of 4.2 %) due principally to the effects of increased sales.

#### (3) Europe

Sales in aftermarket applications increased in both industrial and automotive aftermarket applications. Sales in industrial machinery applications increased in gear box, agricultural machinery and others. Sales in automotive applications increased reflecting an increase of customer demand and other factors. As a result, net sales were 138,241 million yen (a year-on-year increase of 14.4 %). The segment income was 532 million yen (a year-on-year decrease of 48.8 %) due principally to increased fixed cost.

#### (4) Asia and other areas

Sales in aftermarket applications increased in industrial aftermarket applications. Sales in industrial machinery applications increased in construction machinery, machine tool and others. Sales in automotive applications increased reflecting an increase of customer demand and other factors. As a result, net sales were 121,727 million yen (a year-on-year increase of 15.9 %). The segment was 14,457 million yen (a year-on-year increase of 36.6 %) supported mainly by effects of increased sales, exchange-rates and other factors.

Operating results by business sector were as follows.

(1) Aftermarket applications

Due mainly to the increased sales in industrial machinery and automotive aftermarket applications and exchange-rates effect, sales were 85,137 million yen (a year-on-year increase of 13.0 %). Operating income was 10,225 million yen (a year-on-year increase of 3.8 %) due to the effect of increased sales, exchange rates and other factors.

(2) Industrial machinery applications

Sales were 87,048 million yen (a year-on-year increase of 23.1 %) due principally to the effect of increased sales in construction machinery and gear box, exchange-rates and other factors. Operating income was 1,531 million yen (a year-on-year increase of 190.0 %) due to the effect of increased sales, exchange rates and other factors.

(3) Automotive applications

Sales were 376,268 million yen (a year-on-year increase of 6.8 %) due to the expansion of customer demand, exchange-rates and other factors. Operating income was 15,356 million yen (a year-on-year increase of 6.2 %) due to the effect of increased sales, exchange-rates and other factors.

(2) Explanation regarding Consolidated Financial Position

(Assets, Liabilities, and Net assets)

Total current assets increased 16,844 million yen (up 3.9 %) from the previous consolidated fiscal year end to 451,773 million yen. This was due principally to 7,378 million yen in work in process and an increase of 6,355 million yen in finished goods and purchased goods. Total fixed assets increased 21,124 million yen (up 5.8 %) from the previous consolidated fiscal year end to 385,085 million yen. The major factors were an increase of 9,839 million yen in investment securities and 6,655 million yen in property, plant and equipment. As a result, total assets increased 37,967 million yen (up 4.8 %) from the previous consolidated fiscal year end to 836,858 million yen.

Total current liabilities decreased 7,153 million yen (down 2.3 %) from the previous consolidated fiscal year end to 307,874 million yen. This was due principally to decrease of 15,988 million yen in short-term loans payable, an increase of 5,603 million yen in electronically-recorded monetary claims and increase of 4,489 million yen in notes and accounts payable. Total long-term liabilities increased 16,763 million yen (up 7.0 %) from the previous consolidated fiscal year end to 255,575 million yen, due principally to an increase of 17,537 million yen in long-term loans. As a result, total liabilities increased 9,609 million yen (up 1.7 %) from the previous consolidated fiscal year end to 563,449 million yen.

Total net assets increased 28,358 million yen (up 11.6 %) from the previous consolidated fiscal year end to 273,408 million yen. This was mainly due to an increase of 12,323 million yen in translation adjustments, 7,134 million yen in retained earnings and 6,704 million yen in net unrealized holding gain on other securities.

(Cash flows)

Net cash provided by operating activities was 43,037 million yen (year-on-year decrease of 3,223 million yen, or down 7.0 %). Major items included proceeds from depreciation and amortization of 28,019 million yen, income before income taxes and equity in earnings of affiliated companies of 22,242 million yen.

Net cash provided by investing activities was 37,654 million yen (year-on-year increase of 3,504 million yen, or up 10.3 %). This was mainly due to expenditure for purchase of property, plant and equipment of 25,259 million yen and purchase of intangible fixed assets of 7,967 million yen.

Net cash provided by financing activities was 10,827 million yen (year-on-year decrease of 10,408 million yen, or down 49.0 %). This was mainly due to an expenditure of 55,295 million yen in repayment of long-term loans, the payment of 6,645 million yen in dividends and proceeds of 52,403 million yen from long-term loans.

After adding an increase of 639 million yen in translation adjustments, cash and cash equivalents as of the end of the 3rd quarter of the consolidated accounting period under review came to 74,478 million yen, a decrease of 4,805 million yen (down 6.1 %) from the previous consolidated fiscal year end.

(3) Explanation regarding Information on Future Forecast, including Forecast of Consolidated Earnings

The Company has made no modification to the consolidated earnings forecast announced on October 31, 2017.

## 2. Consolidated Financial Statements for the Nine Months

### (1) Balance Sheets

(In million yen)

	As of March 31, 2017	As of December 31, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and bank deposits	80,001	79,644
Notes and accounts receivable-trade	136,847	138,390
Electronically-recorded monetary claims	5,494	5,175
Finished goods & purchased goods	97,405	103,760
Work in process	43,629	51,007
Raw materials & supplies	30,446	34,574
Deferred tax assets	8,405	5,786
Short-term loans receivable	94	87
Other	33,480	34,406
Allowance for doubtful accounts	-876	-1,060
<b>Total current assets</b>	<b>434,929</b>	<b>451,773</b>
<b>Fixed assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	83,259	84,387
Machinery, equipment and vehicles, net	144,301	145,395
Other, net	57,051	61,483
<b>Total property, plant and equipment</b>	<b>284,611</b>	<b>291,266</b>
Intangible fixed assets	15,786	21,543
<b>Investments and other assets</b>		
Investment securities	54,386	64,225
Deferred tax assets	5,150	4,860
Other	4,264	3,431
Allowance for doubtful accounts	-237	-242
<b>Total investments and other assets</b>	<b>63,563</b>	<b>72,275</b>
<b>Total fixed assets</b>	<b>363,961</b>	<b>385,085</b>
<b>Total assets</b>	<b>798,891</b>	<b>836,858</b>

(In million yen)

	As of March 31, 2017	As of December 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	59,261	63,750
Electronically-recorded monetary claims	58,131	63,734
Short-term loans	133,347	117,359
Accrued income taxes	3,057	5,107
Accrued bonuses for directors and statutory auditors	150	131
Reserve for loss on support to affiliated companies	2,173	2,228
Other	58,905	55,561
Total current liabilities	315,027	307,874
Long-term liabilities		
Bonds	20,000	20,000
Long-term loans	166,822	184,359
Reserve for product defect compensation	400	445
Liabilities for retirement benefits	42,148	42,956
Other	9,441	7,813
Total long-term liabilities	238,812	255,575
Total liabilities	553,840	563,449
<b>Net assets</b>		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	66,943	67,970
Retained earnings	114,158	121,292
Treasury stock	-807	-816
Total shareholders' equity	234,641	242,793
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	13,507	20,211
Translation adjustments	-10,005	2,318
Accrued retirement benefits adjustments	-8,899	-8,274
Total accumulated other comprehensive income	-5,397	14,256
Non-controlling shareholders' equity	15,806	16,358
Total net assets	245,050	273,408
<b>Total liabilities and net assets</b>	<b>798,891</b>	<b>836,858</b>

(2) Consolidated Statement of Operation and Consolidated Statement of Comprehensive Income  
(Consolidated Income Statements)

	(In million yen)	
	Nine months ended December 31, 2016 (April 1, 2016 – December 31, 2016)	Nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)
Net sales	498,338	548,454
Cost of sales	405,465	446,444
Gross profit	92,873	102,009
Selling, general and administrative expenses	68,042	74,896
Operating income	24,830	27,112
Non-operating income		
Interest income	382	464
Dividend income	827	1,062
Equity in earnings of unconsolidated subsidiaries	306	346
Other	2,714	2,014
Total non-operating income	4,230	3,887
Non-operating expenses		
Interest expenses	3,094	2,961
Other	4,469	5,797
Total non-operating expenses	7,564	8,758
Ordinary income	21,496	22,242
Extraordinary income		
Reversal of loss associated with the arbitration award	*1 2,146	—
Total extraordinary income	2,146	—
Extraordinary loss		
Impairment loss	*2 3,728	—
Loss related to Anti-Monopoly Act	*3 1,134	—
Loss on sales of fixed assets	135	—
Total extraordinary losses	4,998	—
Income before income taxes and equity in earnings of affiliated companies	18,644	22,242
Total income and other taxes	7,718	6,967
Net income	10,925	15,274
Net income attributable to shareholder (non-controlling shareholder)	1,212	1,494
Net income attributable to shareholder (parent company)	9,713	13,779

(Consolidated Statement of Comprehensive Income)

(In million yen)

	Nine months ended December 31, 2016 (April 1, 2016 – December 31, 2016)	Nine months ended December 31, 2017 (April 1, 2017– December 31, 2017)
Net income	10,925	15,274
Other comprehensive income		
Net unrealized holding gain on other securities	4,702	6,704
Translation adjustments	-3,089	13,085
Accrued retirement benefits adjustments	709	613
Equity in equity-method affiliates	-1,882	185
Total other comprehensive income	440	20,588
Comprehensive income	11,366	35,863
(Breakdown)		
Comprehensive income attributable to owners of parent company	10,524	33,433
Comprehensive income related to non-controlling shareholders	841	2,429

### (3) Statements of Cash Flows

(In million yen)

	Nine months ended December 31, 2016 (April 1, 2016 – December 31, 2016)	Nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)
<b>Cash flow from operating activities</b>		
Income before income taxes and equity in earnings of affiliated companies	18,644	22,242
Depreciation and amortization	27,232	28,019
Impairment loss	3,728	—
Goodwill depreciation	35	—
Increase / decrease (-) in reserves for loss on supporting affiliated companies	—	35
Reversal of loss associated with the arbitration award	-2,146	—
Loss related to Anti-Monopoly Act	1,134	—
Increase/decrease (-) in allowance for doubtful accounts	46	81
Increase/decrease (-) in accrued retirement benefits for directors and statutory auditors	-42	-19
Increase/decrease (-) in reserve for product defect compensation	-18	45
Increase/decrease (-) in liabilities in retirement benefits	1,141	802
Increase/decrease (-) in accrued liabilities related to a loss pertaining to Anti-Monopoly Act	—	-9,637
Loss related to Anti-Monopoly Act	—	9,812
Interest and dividend income	-1,209	-1,527
Interest expenses	3,094	2,961
Foreign currency translation adjustments / Foreign exchange losses/gains (-)	-1,541	-1,548
Loss/gain (-) on derivative transactions	1,614	1,522
Equity in earnings (-) / losses of non-consolidated subsidiaries	-306	-346
Gains (-) or loss on sale of fixed assets	135	—
Decrease/increase (-) in trade receivables	-682	4,794
Decrease/increase (-) in inventories	-5,241	-10,285
Increase/decrease (-) in trade payables	4,189	7,167
Other	7,325	3,574
<b>Subtotal</b>	<b>57,133</b>	<b>57,695</b>
Interest and dividend income received	1,777	1,914
Interest paid	-3,286	-3,051
Loss related to Anti-Monopoly Act	-1,134	-9,812
Income taxes paid	-8,229	-3,708
<b>Cash flow from operating activities</b>	<b>46,260</b>	<b>43,037</b>
<b>Cash flow from investing activities</b>		
Increase in time deposits	-2,260	-4,275
Decrease in time deposits	202	—
Purchase of property, plant and equipment	-28,604	-25,259
Proceeds from sale of property, plant and equipment	357	—
Purchase of intangible fixed assets	-3,844	-7,967
Decrease / increase (-) in short-term loans receivable, net	-88	8
Other	89	-159
<b>Cash flow from investing activities</b>	<b>-34,150</b>	<b>-37,654</b>
<b>Cash flow from financing activities</b>		
Increase/decrease (-) in short-term loans, net	5,358	-396
Proceeds from long-term loans	21,139	52,403
Repayment of long-term loans	-41,524	-55,295
Dividend payment	-5,316	-6,645
Repayment of lease payable	-242	-257
Other	-649	-635
<b>Cash flow from financing activities</b>	<b>-21,235</b>	<b>-10,827</b>
Effect of exchange rate changes on cash and cash equivalents	-664	639
<b>Increase/decrease (-) in cash and cash equivalents</b>	<b>-9,789</b>	<b>-4,805</b>
Cash and cash equivalents, at beginning of the year	67,310	79,284
<b>Cash and cash equivalents, at end of the quarter</b>	<b>57,521</b>	<b>74,478</b>

(4) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(Notes to Balance Sheet)

1. Contingency liabilities

(Lawsuits, etc.)

(1) In June 2012, the Company and its former executives received an indictment filed by the Tokyo District Prosecutors Office (“TDPO”) on suspicion of having violated the Japan Antimonopoly Act in relation to domestic sale of bearings. In March 2013, the Company received a cease and desist order and surcharge payment order (for 7,231 million yen) from the Japan Fair Trade Commission (“JFTC”). Because the assertions by the JFTC and the TDPO are greatly different from the Company's view of the facts, in April 2013, the Company requested the JFTC to initiate a hearing. As a result, hearing proceedings for the JFTC orders were commenced in September 2013. In criminal court, the Supreme Court of Japan dismissed NTN's final appeal in December 2017 therefore the criminal conviction judged by the Tokyo District Court became final and binding. In the light of the ruling by the Supreme Court, we have decided to withdraw the hearing request regarding the cease and desist order of the JFTC.

With regard to the surcharge payment order, we will keep the hearing procedures in which we will continue our argument on the basis for calculation of the surcharge while we will not continue our argument on the presence/absence of a violation of the Japan Antimonopoly Act (the “AMA”).

Overseas, in June 2017, the subsidiary in the South Korea received from the Korea Fair Trade Commission the notice that it had finished the investigation with its conclusion that the subsidiary was not guilty about the automotive bearings sale in the South Korean market. But there are ongoing investigations by the authorities into our consolidated subsidiaries in Brazil and elsewhere.

(2) The Company and its subsidiaries in the U.S. and Canada, etc. are defendants in a number of class action suits for suspected price-fixing of bearing sales with other businesses.

(3) Four bearing manufacturers, including the Company, have been named as defendants in the lawsuits filed by Peugeot S.A. and its total 19 group companies (hereinafter referred to as the “Plaintiffs”) at The United Kingdom Competition Appeal Tribunal. The Plaintiffs sought the joint payment of damages of 437.7 million euros (provisional amount). The suit has been filed allegedly because the Plaintiffs incurred damages in connection with the violation of the European Competition Law, which is subject of the decision made by the European Commission on March 19, 2014.

(4) The Company or its affiliated companies may be filed the lawsuit similar to the abovementioned lawsuit etc. and continue to address these claims. However, it is currently difficult to make reasonable estimates of the future possible effects on the results of operations and financial position of the Company and its consolidated subsidiaries.

(Consolidated Statement of Operation)

\*1 In November 2015, NTN-SNR ROULEMENTS (hereinafter referred to as NTN-SNR), the consolidated subsidiary of NTN Corporation, received a final award from the Arbitration Institute of the Stockholm Chamber of Commerce (Sweden) in relation to the arbitration proceedings regarding the problem with the bearings between NTN-SNR and Volvo Powertrain AB of Europe that orders NTN-SNR to provide compensation for damages. We thoroughly examined the award and decided that there was a flaw in such arbitration proceedings. Therefore, we challenged the award in the Stockholm District Court in February 2016. In January 2017, NTN-SNR reached an agreement to settle with Volvo Powertrain AB. Accompanied by this agreement, NTN included in extraordinary income 2,146 million yen of reversal of loss associated with the arbitration award in the previous consolidated period.

\*2 The NTN Group carries out grouping of assets. With regard to manufacturing assets, any plants etc. coming under managerial accounting business classifications are deemed to be the smallest unit creating cash flow. With regard to Head Office and business-use assets are deemed to be shared assets. In the case of the assets shown in the following table, there is no prospect for future use in the current consolidated accounting period and the previous consolidated accounting period and no possibility of recovery is found for the estimated period of future cash flows. For these reasons, 3,728 million yen was recorded under extraordinary loss as an impairment loss in the previous consolidated accounting period. The recoverable amount has been measured using the net possible sale value or the use value. Assets where sale or alternative use is deemed to be unlikely have been given a value of 0.

Location	Applications	Type of asset	Impairment loss (million yen)
			Nine month ended December 31 2016 (April 1, 2016 -December 31, 2016)
Asia and other areas	Manufacturing facilities	Buildings and structures	1,308
		Machinery	2,420
Total			3,728

\*3 With respect to a number of class action suits filed against the Company and its subsidiaries for suspected price-fixing of bearing sales with other businesses in the United States District Court for the Eastern District of Michigan, the Company and its subsidiary in the U.S. have reached an agreement to settle with indirect purchasers, parts of the certain plaintiffs in November, 2016. Accompanied by this agreement, the Company included in extraordinary loss as loss related to Anti-Monopoly Act the amount of 1,134 million yen in the previous consolidated period.

(Notes Related to Significant Changes in Shareholder's Equity)

None

(Adoption of accounting method specific to the preparation of consolidated quarterly financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by multiplying quarterly income before income taxes by an effective tax rate reasonably estimated based on income before income taxes for the full fiscal year, including the nine months ended December 31, 2017, after the application of tax effect accounting. However, in cases where calculating tax expenses using a reasonably estimated effective tax rate yields a result that is notably lacking rationality, then, tax expenses are calculated using the statutory effective tax rate.

(Segment Information)

I. Nine months ended December 31, 2016 (April 1, 2016 – December 31, 2016)

1. Information related to sales, income or losses, assets, liabilities and other items for individual reporting segments

(In million yen)

	Reporting segment					Adjustments (Note)1	Balance sheet amount
	Japan	Americas	Europe	Asia and other areas	Total		
Net sales							
Sales to external customers	148,817	136,021	118,213	95,285	498,338	—	498,338
Inter-segment sales or transfers	87,712	2,519	2,651	9,720	102,604	(102,604)	—
Total	236,529	138,541	120,865	105,006	600,942	(102,604)	498,338
Segment income (Operating income)	3,406	5,163	1,039	10,582	20,191	4,638	24,830

Notes: 1. "Adjustments" refers to elimination of all inter-segment transactions.

2. Major countries or regions in each segment:

Americas: U.S.A., Canada, South and Central America

Europe: Germany, France, United Kingdom, and others

Asia and other areas: China, Thailand, India, and others

2. Information related to impairment loss of fixed assets, or goodwill and other items for individual reporting segments (Significant impairment loss pertaining to fixed assets)

(In million yen)

	Japan	Americas	Europe	Asia and other areas	Adjustments	Total
Impairment loss	—	—	—	3,728	—	3,728

II. Nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)

1. Information related to sales, income or losses, assets, liabilities and other items for individual reporting segments

(In million yen)

	Reporting segment					Adjustments (Note)1	Balance sheet amount
	Japan	Americas	Europe	Asia and other areas	Total		
Net sales							
Sales to external customers	159,664	143,163	135,055	110,571	548,454	—	548,454
Inter-segment sales or transfers	99,602	3,273	3,186	11,156	117,219	(117,219)	—
Total	259,267	146,437	138,241	121,727	665,674	(117,219)	548,454
Segment income (Operating income)	6,997	5,380	532	14,457	27,367	(254)	27,112

Notes: 1. "Adjustments" refers to elimination of all inter-segment transactions.

2. Major countries or regions in each segment:

Americas: U.S.A., Canada, South and Central America

Europe: Germany, France, United Kingdom, and others

Asia and other areas: China, Thailand, India, and others

(Significant Subsequent Events)

None

### 3. Supplementary Information

#### (1) Explanatory Materials

Consolidated Financial Results

(in million yen)

		FY2016						FY2017				
		1Q	2Q	3Q	Nine months total	4Q	Full year	1Q	2Q	3Q	Nine months total	
Consolidated operating results (Lower: Net sales ratio)	Net Sales	167,260	159,564	171,513	498,338	184,990	683,328	179,047	178,887	190,519	548,454	
		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	Operating income	10,903	4,937	8,988	24,830	10,792	35,622	8,596	8,232	10,284	27,112	
		6.5%	3.1%	5.2%	5.0%	5.8%	5.2%	4.8%	4.6%	5.4%	4.9%	
	Ordinary income	8,290	3,240	9,965	21,496	8,108	29,604	6,735	6,906	8,600	22,242	
	5.0%	2.0%	5.8%	4.3%	4.4%	4.3%	3.8%	3.9%	4.5%	4.1%		
	Extraordinary loss	-451	315	-2,716	-2,852	-11,862	-14,714	—	—	—	—	
		-0.3%	0.2%	-1.6%	-0.6%	-6.4%	-2.2%	—	—	—	—	
	Net income attributable to shareholder (parent company)	3,689	2,436	3,587	9,713	-6,883	2,830	3,892	4,488	5,398	13,779	
		2.2%	1.5%	2.1%	1.9%	-3.7%	0.4%	2.2%	2.5%	2.8%	2.5%	
Net sales by region (Lower: Net sales ratio)	Japan	46,166	46,589	49,387	142,143	49,323	191,466	49,167	50,319	52,977	152,464	
		27.6%	29.2%	28.8%	28.5%	26.7%	28.0%	27.5%	28.1%	27.8%	27.8%	
	Americas	47,836	45,561	47,706	141,104	53,660	194,765	51,163	47,618	49,855	148,638	
		28.6%	28.6%	27.8%	28.3%	29.0%	28.5%	28.6%	26.6%	26.2%	27.1%	
	Europe	41,062	34,150	35,664	110,876	44,113	154,989	41,620	40,866	43,324	125,811	
		24.5%	21.4%	20.8%	22.2%	23.8%	22.7%	23.2%	22.8%	22.7%	22.9%	
	Asia and other areas	32,194	33,264	38,755	104,214	37,893	142,107	37,096	40,083	44,361	121,540	
		19.2%	20.8%	22.6%	20.9%	20.5%	20.8%	20.7%	22.4%	23.3%	22.2%	
	Total	167,260	159,564	171,513	498,338	184,990	683,328	179,047	178,887	190,519	548,454	
		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Net sales / Operating income by location	Japan	Net sales	76,774	77,811	81,943	236,529	84,305	320,834	82,428	86,438	90,401	259,267
		Operating income	1,930	-1,311	2,786	3,406	1,055	4,461	1,704	1,467	3,824	6,997
		Operating margin	2.5%	-1.7%	3.4%	1.4%	1.3%	1.4%	2.1%	1.7%	4.2%	2.7%
	Americas	Net sales	47,087	44,617	46,836	138,541	52,851	191,393	50,470	46,936	49,030	146,437
		Operating income	1,797	1,479	1,887	5,163	3,122	8,286	2,146	1,560	1,673	5,380
		Operating margin	3.8%	3.3%	4.0%	3.7%	5.9%	4.3%	4.3%	3.3%	3.4%	3.7%
	Europe	Net sales	44,376	37,359	39,130	120,865	48,150	169,016	45,681	45,107	47,452	138,241
		Operating income	840	192	6	1,039	2,270	3,310	877	302	-647	532
		Operating margin	1.9%	0.5%	0.0%	0.9%	4.7%	2.0%	1.9%	0.7%	-1.4%	0.4%
	Asia and other areas	Net sales	32,985	33,189	38,831	105,006	37,296	142,302	37,175	40,221	44,330	121,727
		Operating income	3,043	3,060	4,479	10,582	3,940	14,522	4,375	4,728	5,353	14,457
		Operating margin	9.2%	9.2%	11.5%	10.1%	10.6%	10.2%	11.8%	11.8%	12.1%	11.9%
	Deletion	Net sales	-33,962	-33,413	-35,227	-102,604	-37,613	-140,218	-36,707	-39,816	-40,696	-117,219
		Operating income	3,291	1,517	-170	4,638	403	5,041	-507	173	79	-254
	Total	Net sales	167,260	159,564	171,513	498,338	184,990	683,328	179,047	178,887	190,519	548,454
Operating income		10,903	4,937	8,988	24,830	10,792	35,622	8,596	8,232	10,284	27,112	
Operating margin		6.5%	3.1%	5.2%	5.0%	5.8%	5.2%	4.8%	4.6%	5.4%	4.9%	

(in million yen)

			FY2016						FY2017			
			1Q	2Q	3Q	Nine months total	4Q	Full year	1Q	2Q	3Q	Nine months total
Net sales / Operating income by business applications	Aftermarket	Net sales	25,521	25,184	24,635	75,341	29,159	104,500	27,369	28,875	28,891	85,137
		Operating income	3,818	2,900	3,126	9,846	4,148	13,994	3,742	3,103	3,379	10,225
		Operating margin	15.0%	11.5%	12.7%	13.1%	14.2%	13.4%	13.7%	10.7%	11.7%	12.0%
	Industrial machinery	Net sales	23,464	22,645	24,596	70,705	27,905	98,611	27,989	29,340	29,719	87,048
		Operating income	653	-281	156	528	1,093	1,622	573	255	702	1,531
		Operating margin	2.8%	Δ1.2%	0.6%	0.7%	3.9%	1.6%	2.1%	0.9%	2.4%	1.8%
	Automotive	Net sales	118,274	111,734	122,281	352,290	127,926	480,216	123,688	120,671	131,908	376,268
		Operating income	6,431	2,318	5,705	14,455	5,550	20,005	4,280	4,873	6,202	15,356
		Operating margin	5.4%	2.1%	4.7%	4.1%	4.3%	4.2%	3.5%	4.0%	4.7%	4.1%
	Total	Net sales	167,260	159,564	171,513	498,338	184,990	683,328	179,047	178,887	190,519	548,454
		Operating income	10,903	4,937	8,988	24,830	10,792	35,622	8,596	8,232	10,284	27,112
		Operating margin	6.5%	3.1%	5.2%	5.0%	5.8%	5.2%	4.8%	4.6%	5.4%	4.9%
Capital expenditures / Depreciation and amortization	Capital expenditures		8,558	9,820	7,605	25,983	9,414	35,398	7,133	8,403	8,572	24,109
	Depreciation and amortization	Domestic	3,205	3,313	3,205	9,724	3,443	13,167	3,254	3,343	3,401	9,999
		Overseas	5,939	5,630	5,938	17,507	5,953	23,461	5,821	6,035	6,163	18,019
	Total		9,144	8,943	9,143	27,232	9,396	36,629	9,075	9,379	9,564	28,019
R&D expenditures			4,557	4,551	4,647	13,757	5,438	19,196	4,621	4,787	5,208	14,616
Ratio of R&D expenditures to net sales			2.7%	2.9%	2.7%	2.8%	2.9%	2.8%	2.6%	2.7%	2.7%	2.7%
Inventories			171,616	166,633	182,736	182,736	171,481	171,481	179,647	182,482	189,342	189,342
Inventory turnover ratio (times)			3.9	3.8	3.8	3.6	4.3	4.0	4.0	3.9	4.0	3.9
Interest-bearing debts	Loans		311,132	303,538	310,118	310,118	300,169	300,169	298,376	301,675	301,719	301,719
	Bonds		—	—	—	—	20,000	20,000	20,000	20,000	20,000	20,000
	Total		311,132	303,538	310,118	310,118	320,169	320,169	318,376	321,675	321,719	321,719
Major management indicators	Ordinary income ratio to total assets		4.3%	1.7%	5.2%	3.6%	4.1%	3.7%	3.3%	3.4%	4.1%	3.6%
	Return on assets (ROA)		1.9%	1.3%	1.9%	1.6%	-3.5%	0.4%	1.9%	2.2%	2.6%	2.2%
	Return on equity (ROE)		6.6%	4.6%	6.4%	5.5%	-11.8%	1.2%	6.7%	7.4%	8.6%	7.6%
	Shareholder's equity ratio		28.1%	28.6%	30.1%	30.1%	28.7%	28.7%	29.4%	30.0%	30.7%	30.7%
	Net assets per share (yen)		398.02	400.23	446.90	446.90	431.66	431.66	448.25	466.42	484.03	484.03
	Net income per share (yen)		6.94	4.58	6.75	18.28	-12.96	5.33	7.33	8.45	10.16	25.95
Employees	Domestic (persons)		8,442	8,437	8,460	8,460	8,420	8,420	8,604	8,574	8,583	8,583
	Overseas (persons)		15,997	16,012	16,278	16,278	16,245	16,245	16,466	16,461	16,823	16,823
	Total (persons)		24,439	24,449	24,738	24,738	24,665	24,665	25,070	25,035	25,406	25,406
Exchange rates	Average	Dollar (yen)	108.04	102.40	109.32	106.63	113.67	108.39	111.08	110.99	112.91	111.66
		Euro (yen)	121.88	114.26	117.83	118.04	121.07	118.80	122.09	130.35	132.94	128.46
	At term end	Dollar (yen)	102.91	101.12	116.55	116.55	111.85	111.85	112.13	112.31	112.88	112.88
		Euro (yen)	114.39	113.36	122.25	122.25	119.48	119.48	128.28	132.35	134.81	134.81