

# Consolidated Financial Results for the First Quarter of FY2013

**August 6, 2013**

**NTN Corporation**

This presentation and comments made in this conference or during the following Q&A session include forward-looking statements about management expectations for future performance and future business strategies. These statements represent the best judgment of the management of the company based on the information currently available. However, there can be no assurance that future results will meet any expectation, estimate or projection conveyed by these statements or comments. Actual results may differ materially from management projections depending on various factors such as changes in product demand, exchange rates, interest rates and contingent liabilities.

## ★Financial Results for the First Quarter of FY2013 Key Factors

1. Consolidated Statements of Operation
2. Net Sales by Region
3. Net Sales and Operating Income by Business Sector
4. Results by Business Sector (Quarterly Trend)
5. Analysis of Operating Income
6. Net Sales and Operating Income by Region
  - (1)Japan, Americas
  - (2)Europe, Asia & Others
7. Inventories
8. Interest-Bearing Debt
9. Capital Expenditure and Depreciation
10. Cash Flows

## FY2013 1Q Results

- ◆ Net sales increased by 15.2 billion yen, **or approximately 11%**, year-on-year to 154.1 billion yen
  - The automotive applications **increased by approximately 15%**  
Major increases overseas, particularly in China and Europe
  - The industrial machinery applications **decreased by approximately 3%**  
Strong results for wind turbine and agricultural machinery, weak results for construction machinery and others
  - The aftermarket and distributor applications **increased by approximately 9%**  
Strong results for autoparts in Americas and Europe
- ◆ Operating income increased by 2.9 billion yen, **or approximately 2.5-fold**, year-on-year to 4.9 billion yen
  - Effects of cost reductions from policies implemented as part of the medium-term management plan “Revival 2014”, and exchange rate
- ◆ Free Cash Flow : **Achieved a surplus of 6 billion yen**

## FY2013 Forecast (2Q & Full Year)

- ◆ The automotive applications continues to remain firm, while recovery in the industrial machinery and aftermarket and distributor applications remain slow, leading to **no changes to 2Q and full-year forecasts**

# 1. Consolidated Statements of Operation

For New Technology Network



(100 million yen)

	FY2012					FY2013	Year on year	1H	Full year	
	1Q Results	2Q Results	3Q Results	4Q Results	Full year Results	1Q Results		Forecast	Forecast	
Net sales	1,389	1,277	1,259	1,471	5,396	1,541	152	2,940	6,000	
Operating income	20	2	- 6	57	73	49	29	90	300	
Operating margin	(1.4%)	(0.1%)	(- 0.5%)	(3.9%)	(1.3%)	(3.2%)	(1.7%)	(3.1%)	(5.0%)	
Ordinary income	- 3	- 13	2	39	25	36	39	55	230	
Extraordinary income/loss	- 6	- 1	19	- 176	- 164	0	6	- 30	- 40	
Net income	- 8	- 9	11	- 135	- 142	13	21	5	100	
Exchange rate	US \$	80.2	78.6	81.1	92.5	82.9	98.8	18.6	95.0	95.0
	EURO	102.8	98.3	105.1	122.1	106.8	129.0	26.1	120.0	120.0

## 2. Net Sales by Region

< Net Sales by Region >

(100 million yen)

	FY2012					FY2013			1H Forecast	Full year Forecast
	1Q	2Q	3Q	4Q	Full year	1Q Results	Year on year			
	Results	Results	Results	Results	Results		Volume	Forex		
Japan	478	454	427	415	1,775	409	- 69	0	800	1,636
Americas	355	323	325	413	1,416	427	- 8	79	837	1,698
Europe	321	272	285	370	1,248	421	16	84	721	1,436
Asia & Others	234	228	221	274	958	284	- 3	53	582	1,230
Total	1,389	1,277	1,259	1,471	5,396	1,541	- 64	216	2,940	6,000

### 3. Net Sales and Operating Income by Business Sector

#### <Net Sales by Business Sector>

(100 million yen)

	FY2012				
	1Q Results	2Q Results	3Q Results	4Q Results	Full year Results
Automotive	919	828	852	968	3,566
Industrial machinery	247	229	207	255	937
Aftermarket/ Distributor	223	221	200	248	892
Total	1,389	1,277	1,259	1,471	5,396

FY2013	
1Q Results	Year on year
1,058	139
240	- 7
242	19
1,541	152

1H Forecast	Full year Forecast
1,970	3,980
470	970
500	1,050
2,940	6,000

#### <Operating Income by Business Sector>

(100 million yen)

	FY2012				
	1Q Results	2Q Results	3Q Results	4Q Results	Full year Results
Automotive	- 27	- 34	- 33	5	- 90
Industrial machinery	7	2	- 1	7	15
Aftermarket/ Distributor	40	34	28	46	147
Total	20	2	- 6	57	73

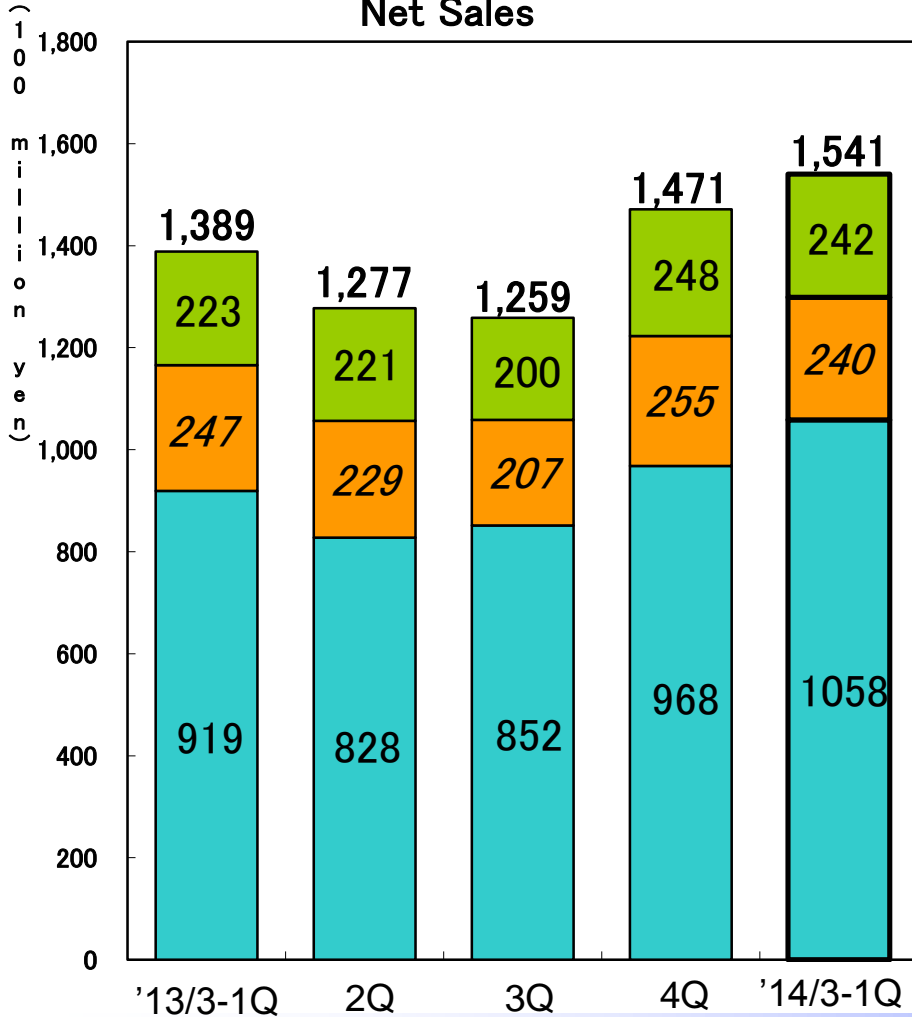
FY2013	
1Q Results	Year on year
7	35
4	- 4
38	- 2
49	29

1H Forecast	Full year Forecast
0	60
5	30
85	210
90	300

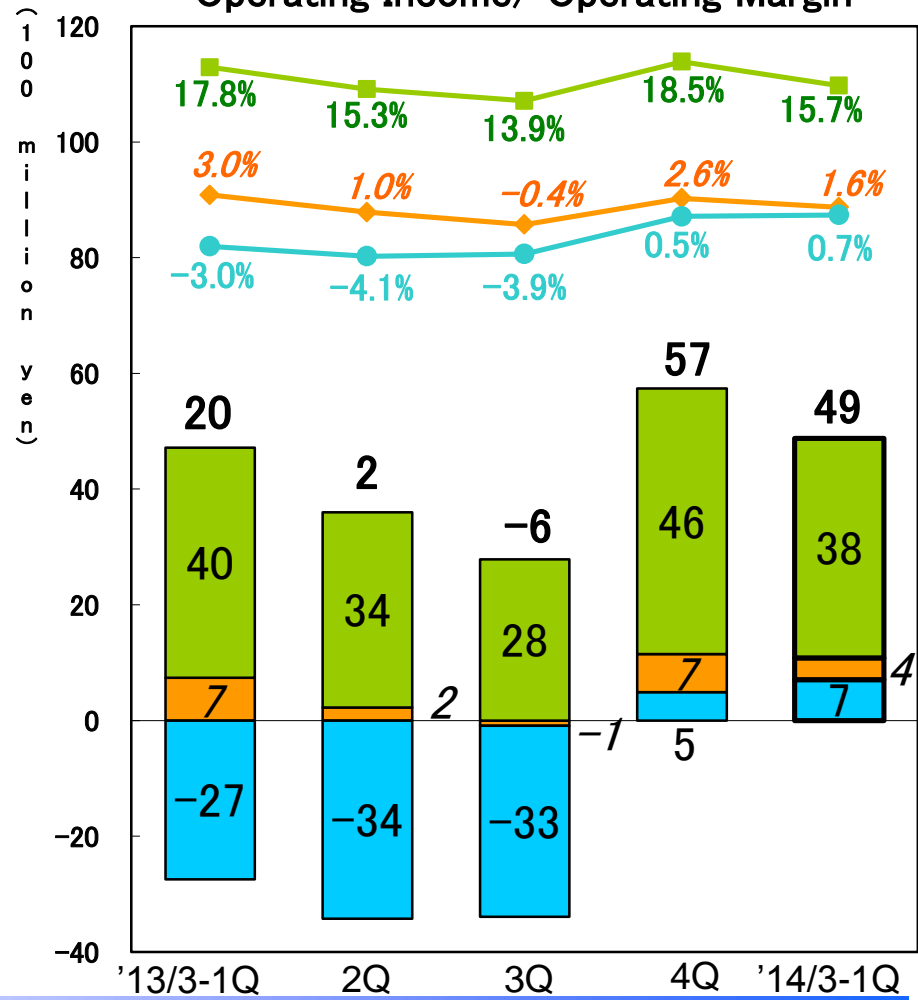
# 4. Results by Business Sector (Quarterly Trend)

◆ The industrial machinery and aftermarket and distributor applications have reduced in volume. Positive sales for the automotive applications in two consecutive quarters.

■ Automotive   
 ■ Industrial machinery   
 ■ Aftermarket/Distributor  
**Net Sales**

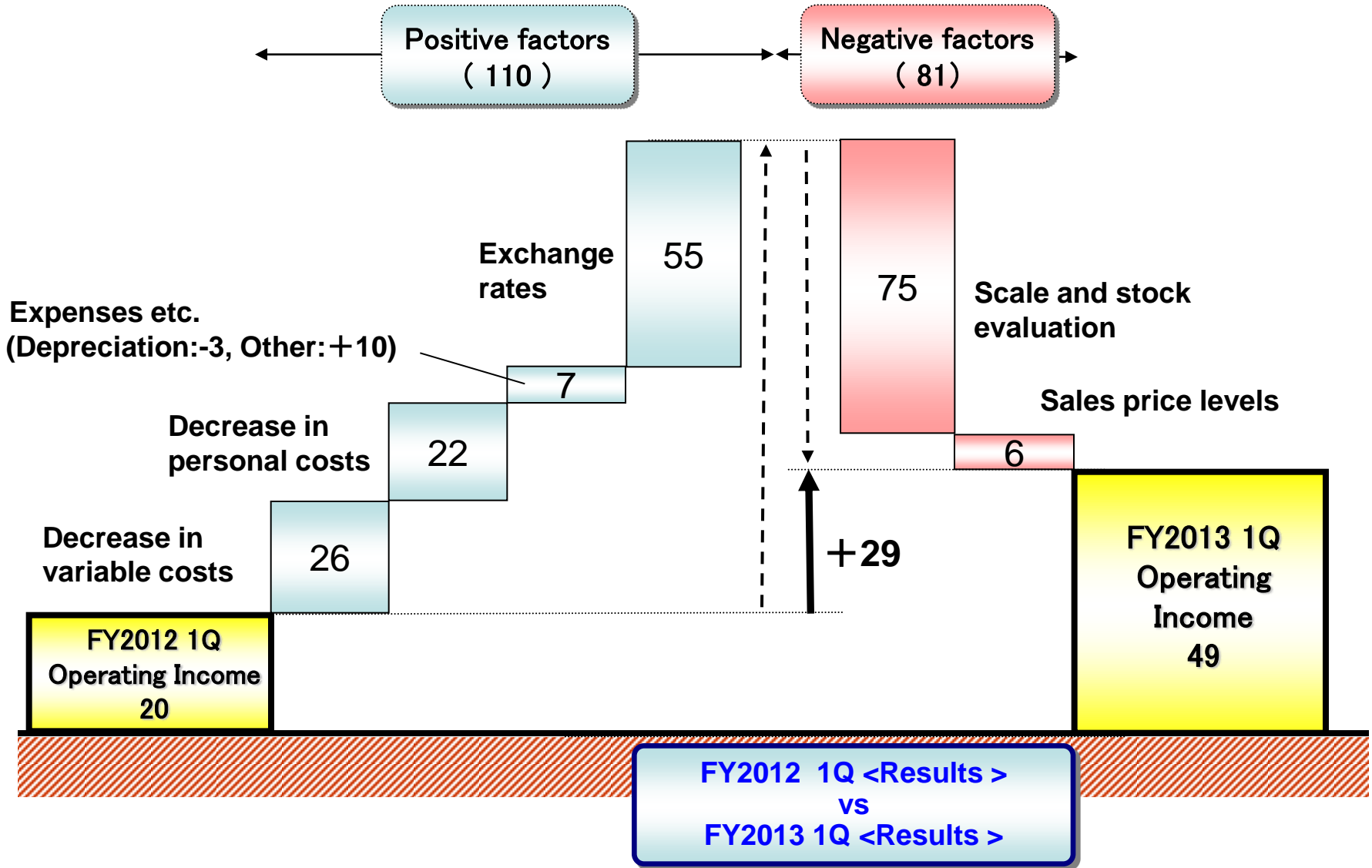


■ Aftermarket/Distributor  
**Operating Income/ Operating Margin**



# 5. Analysis of Operating Income ( FY2013 1Q )

\* All figures in 100 million yen.



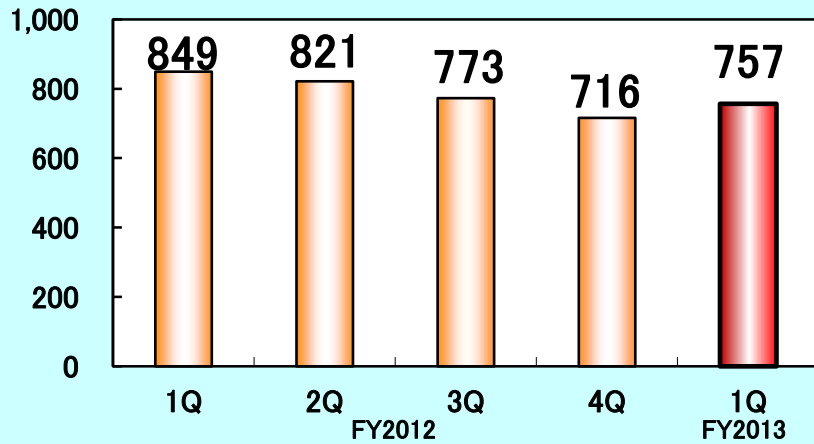


# 6. Net Sales and Operating Income by Region

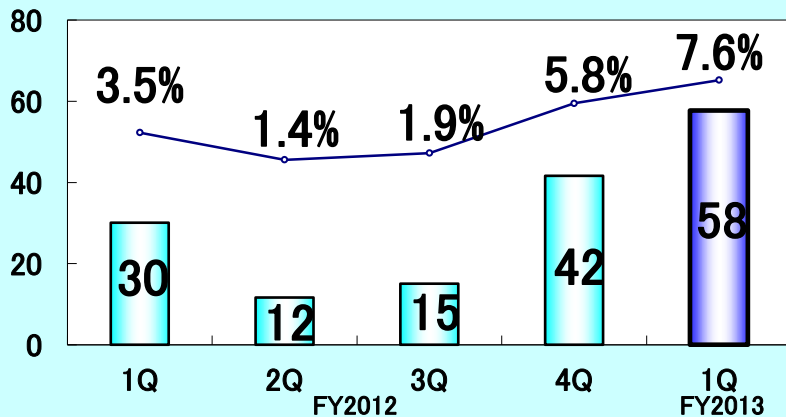
## 《 Japan 》

### Net Sales

(100 million yen)



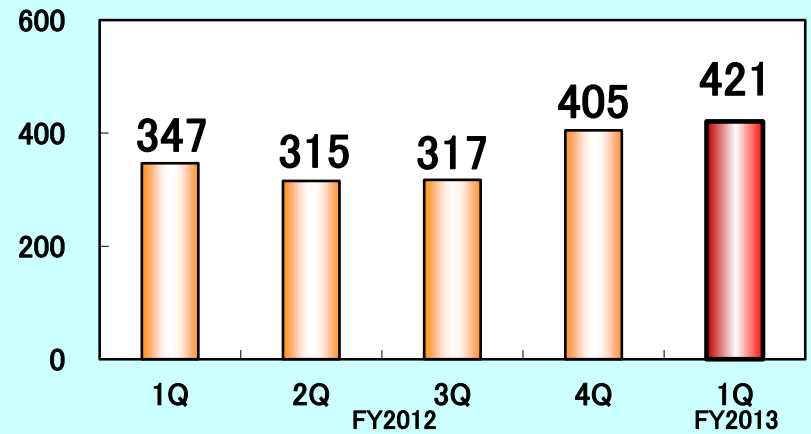
### Operating Income



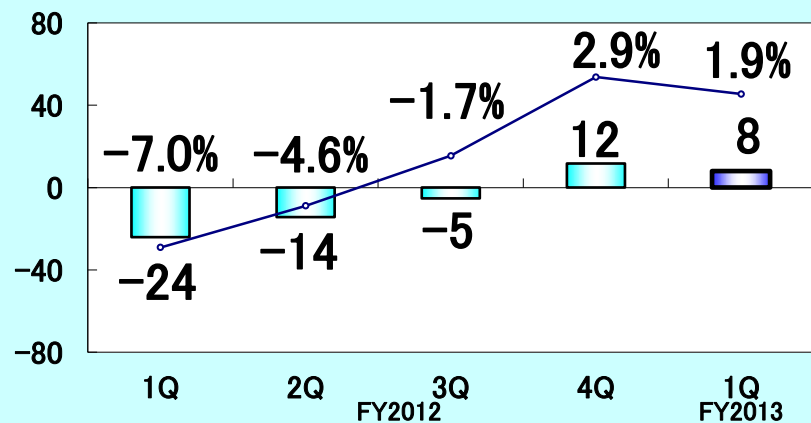
## 《 Americas 》

### Net Sales

(100 million yen)



### Operating Income

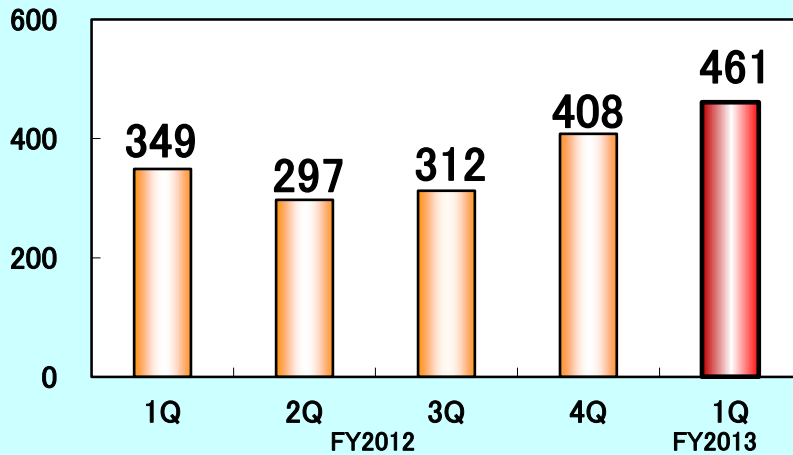


# 6. Net Sales and Operating Income by Region

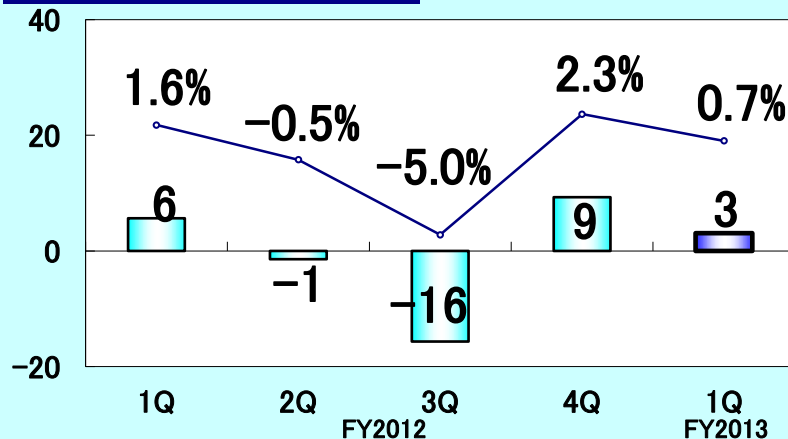
## 《 Europe 》

### Net Sales

(100 million yen)



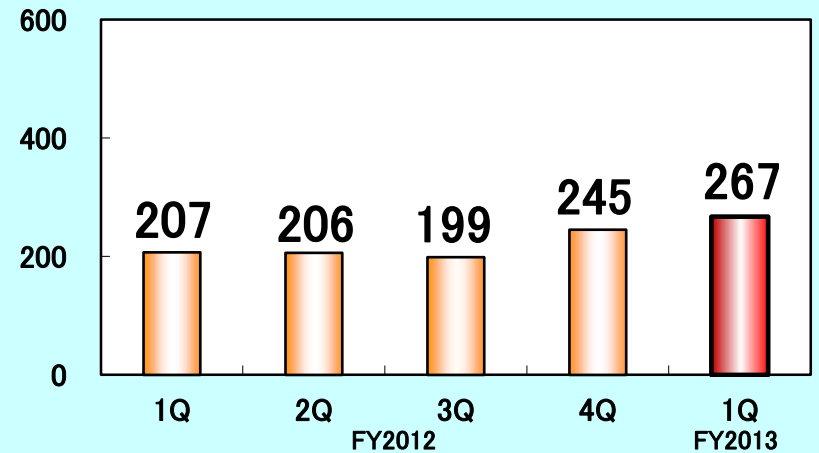
### Operating Income



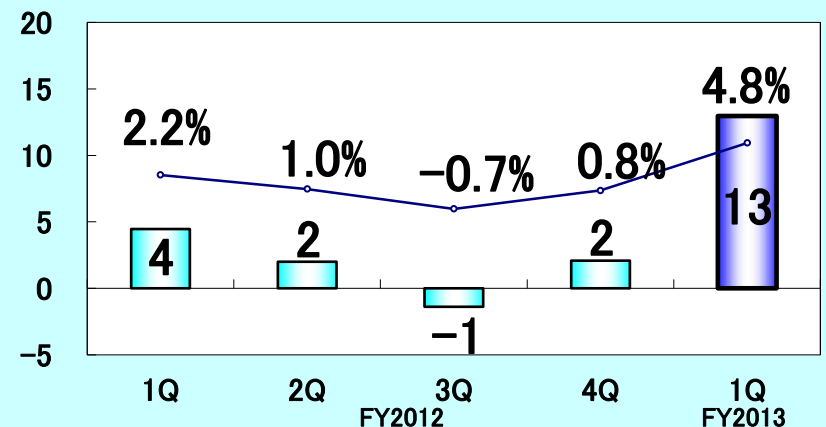
## 《 Asia & Others 》

### Net Sales

(100 million yen)

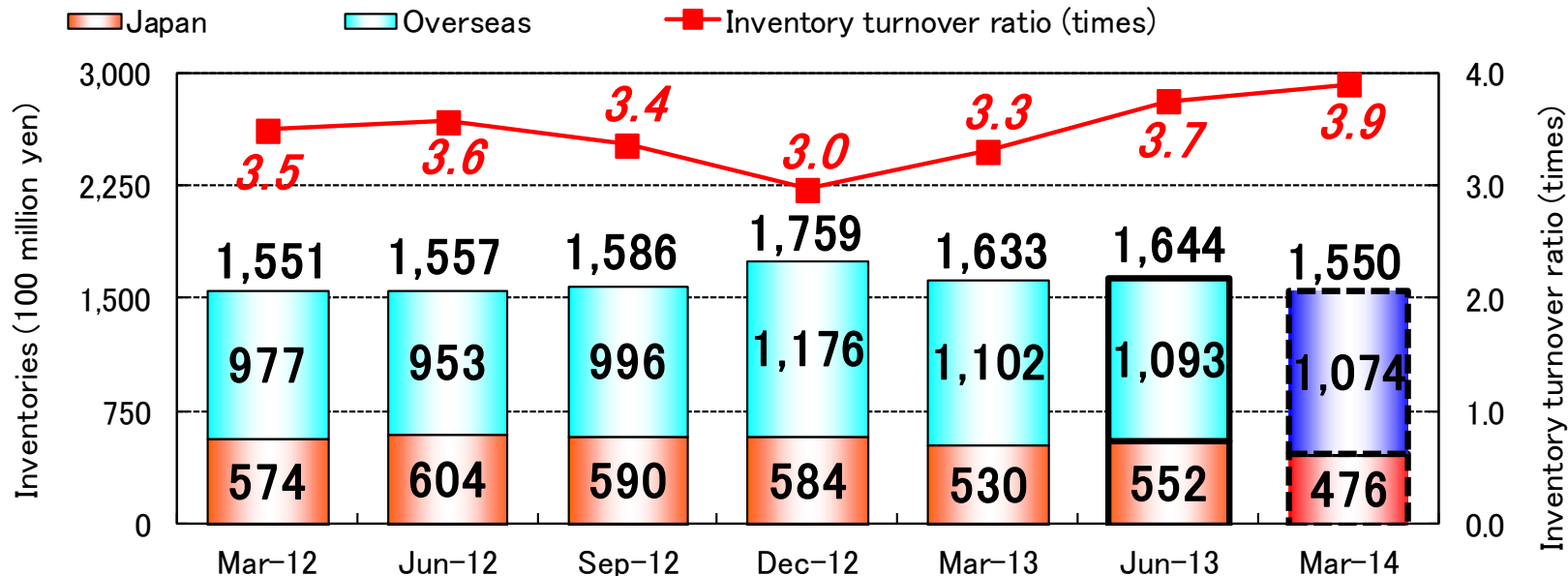


### Operating Income



# 7. Inventories

- ◆ Decrease year-on-year when excluding the effects of exchange rates. Improve in turnover ratio.

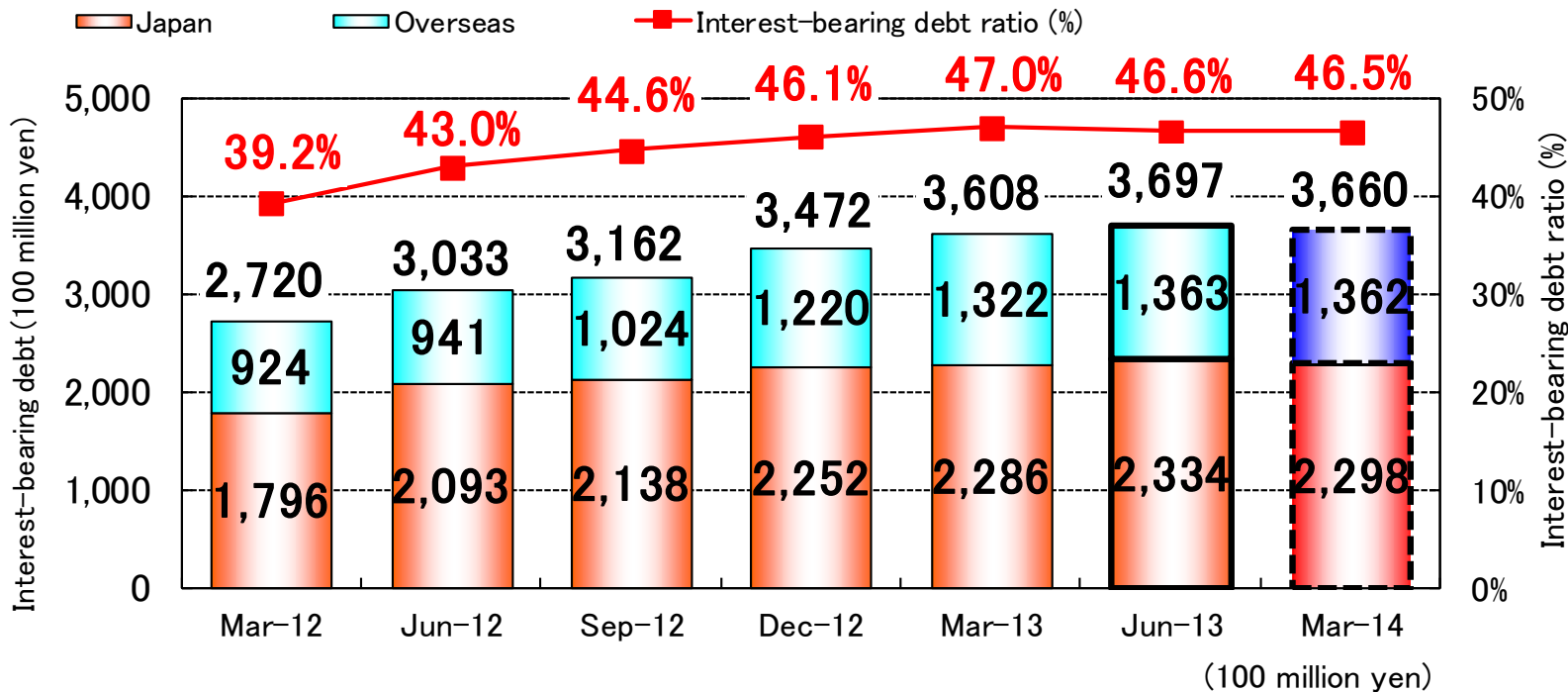


(100 million yen)

	Mar-12 Results	Jun-12 Results	Sep-12 Results	Dec-12 Results	Mar-13 Results	Jun-13 Results	Mar-14 Forecast
<b>Inventories</b>	1,551	1,557	1,586	1,759	1,633	1,644	1,550
Overseas	(977)	(953)	(996)	(1,176)	(1,102)	(1,093)	(1,074)
Japan	(574)	(604)	(590)	(584)	(530)	(552)	(476)
<b>Inventory turnover ratio (times)</b>	3.5	3.6	3.4	3.0	3.3	3.7	3.9

# 8. Interest-Bearing Debt

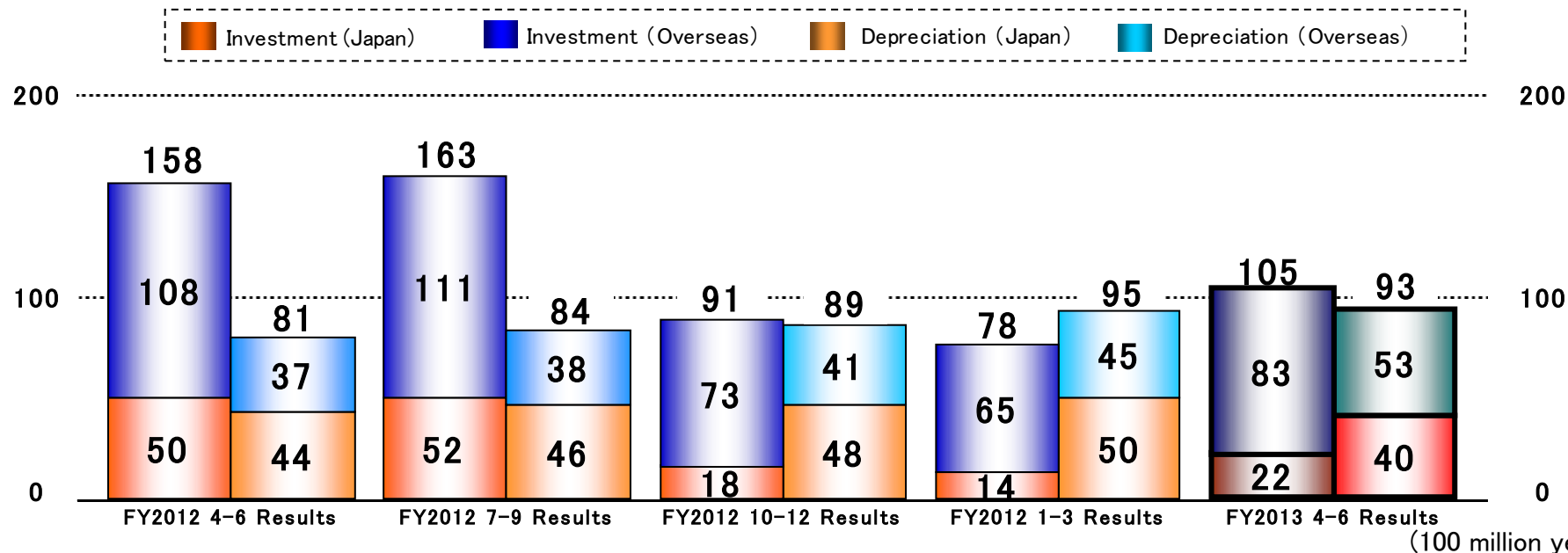
◆ Increased due to increase in cash on hand and the effects of exchange rates.



	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Mar-14
	Results	Results	Results	Results	Results	Results	Forecast
Interest-bearing debt	2,720	3,033	3,162	3,472	3,608	3,697	3,660
Overseas	(924)	(941)	(1,024)	(1,220)	(1,322)	(1,363)	(1,362)
Japan	(1,796)	(2,093)	(2,138)	(2,252)	(2,286)	(2,334)	(2,298)
Interest-bearing debt ratio(%)	39.2%	43.0%	44.6%	46.1%	47.0%	46.6%	46.5%

# 9. Capital Expenditure and Depreciation

◆ Increase in production capacity overseas mainly in Americas, China and other Asian countries.

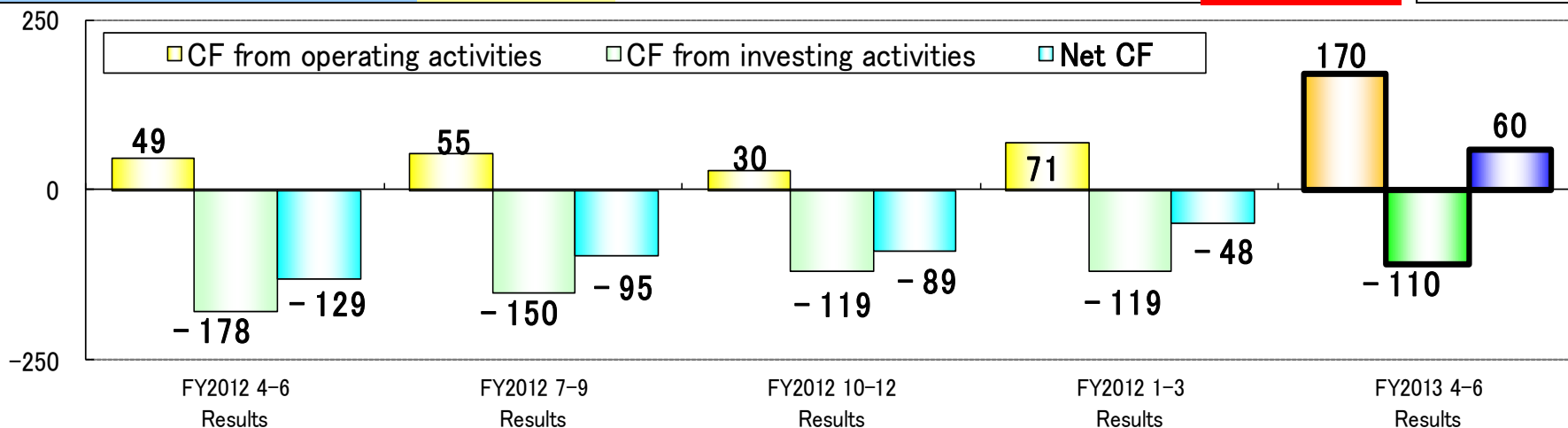


	FY2012 4-6 Results①	FY2012 7-9 Results	FY2012 10-12 Results	FY2012 1-3 Results	FY2013 4-6 Results②	②-①	FY2013 Forecast
<b>Capital expenditure</b>	158	163	91	78	105	-53	350
Overseas	(108)	(111)	(73)	(65)	(83)	(-25)	(262)
Japan	(50)	(52)	(18)	(14)	(22)	(-28)	(88)
<b>Depreciation</b>	81	84	89	95	93	13	385
Overseas	(37)	(38)	(41)	(45)	(53)	(16)	(213)
Japan	(44)	(46)	(48)	(50)	(40)	(-3)	(172)

# 10. Cash Flows

◆ Achieved a surplus in free cash flow due to increases in operating cash flow.

(100 million yen)	FY2012 4-6 Results <sup>①</sup>	FY2012 7-9 Results	FY2012 10-12 Results	FY2012 1-3 Results	FY2013 4-6 Results <sup>②</sup>	②-①
I. Cash flow from operating activities	49	55	30	71	170	121
II. Cash flow from investing activities	-178	-150	-119	-119	-110	68
III. Cash flow from financing activities	331	139	177	49	21	-311
IV. Effect of exchanging rate translation on cash and cash equivalents	25	-7	-22	5	6	-18
V. Net increase in cash and cash equivalents	227	36	65	7	87	-140



We make  
Bearings.



For New Technology Network

**NTN**<sup>®</sup>

NTN株式会社  
[www.ntn.co.jp](http://www.ntn.co.jp)