

Consolidated Financial Results for the First Quarter of FY2014

August 5, 2014

NTN Corporation

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★Financial Results for the First Quarter of FY2014 Key Factors

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FY2014 1Q Results

- ◇ Net sales: increased by 13 billion yen (+8.4%), year-on-year to **167 billion yen**
 - The aftermarket applications **increased by approximately 10%** year-on-year, chiefly in Japan, Americas and Asia
 - The industrial machinery applications **increased by approximately 8%** over the same period mainly due to increase in construction machinery in USA and wind turbine
 - The automotive applications **increased by approximately 8%** over the same period due to increases in Americas and China etc.
- ◇ Operating income increased by 3.9 billion yen (+80%) year-on-year to **8.8 billion yen**
 - The automotive applications increased by 3.1% year-on-year, an improvement of 2.4 points, due to factors such as the effects of various policies of the medium-term management plan “Revival 2014” and the effects of scale and exchange rates
- ◇ Net income for the year increased by 4.2 billion yen (**approximately 4-times**) year-on-year to **5.5 billion yen**
- ◇ Inventory asset turnover improved to **3.9-times**

FY2014 1Q Forecast (2Q & Full year)

- ◇ Progress is largely as planned, and no changes have been made to 2Q and the full year forecast

1. Consolidated Statements of Operation

(100 million yen)

	FY2013					FY2014	Year on year	1H	Full year	
	1Q Results ①	2Q Results	3Q Results	4Q Results	Full year Results	1Q Results ②	②-①	Forecast	Forecast	
Net sales	1,541	1,531	1,565	1,753	6,390	1,670	130	3,230	6,600	
Operating income	49	81	76	124	330	88	39	160	400	
Operating margin	(3.2%)	(5.3%)	(4.8%)	(7.1%)	(5.2%)	(5.3%)	(2.1%)	(5.0%)	(6.1%)	
Ordinary income	36	68	78	105	287	80	45	125	330	
Extraordinary income/loss	0	- 16	- 271	- 25	- 311	0	0	0	0	
Net income	13	21	- 230	49	- 146	55	42	75	200	
Exchange rate	US\$	98.8	98.9	100.4	102.8	100.2	102.2	3.4	100.0	100.0
	EURO	129.0	131.0	136.6	140.8	134.2	140.1	11.1	130.0	130.0

2. Net Sales by Region

< Net Sales by Region >

(100 million yen)

	FY2013					FY2014				1H Forecast	Full year Forecast
	1Q Results ①	2Q Results	3Q Results	4Q Results	Full year Results	1Q Results ②	Year on year (②-①)				
							Total	Volume	Forex		
Japan	409	442	452	488	1,791	458	49	49	0	885	1,810
Americas	426	427	412	479	1,746	460	33	20	13	930	1,890
Europe	421	377	394	471	1,663	446	25	- 11	36	780	1,585
Asia & Others	284	285	306	315	1,190	306	22	19	3	635	1,315
Total	1,541	1,531	1,565	1,753	6,390	1,670	130	77	53	3,230	6,600

3. Net Sales and Operating Income by Business Sector

<Net Sales by Business Sector>

(100 million yen)

	FY2013				
	1Q Results ①	2Q Results	3Q Results	4Q Results	Full year Results
Aftermarket	242	254	251	292	1,038
Industrial machinery	240	243	232	297	1,012
Automotive	1,058	1,035	1,082	1,164	4,339
Total	1,541	1,531	1,565	1,753	6,390

FY2014	Year on year
1Q Results ②	②-①
267	25
259	19
1,145	86
1,670	130

1H Forecast	Full year Forecast
540	1,100
500	1,010
2,190	4,490
3,230	6,600

<Operating Income by Business Sector>

(100 million yen)

	FY2013				
	1Q Results ①	2Q Results	3Q Results	4Q Results	Full year Results
Aftermarket	38	44	42	53	177
Industrial machinery	4	10	3	16	33
Automotive	7	28	31	54	120
Total	49	81	76	124	330

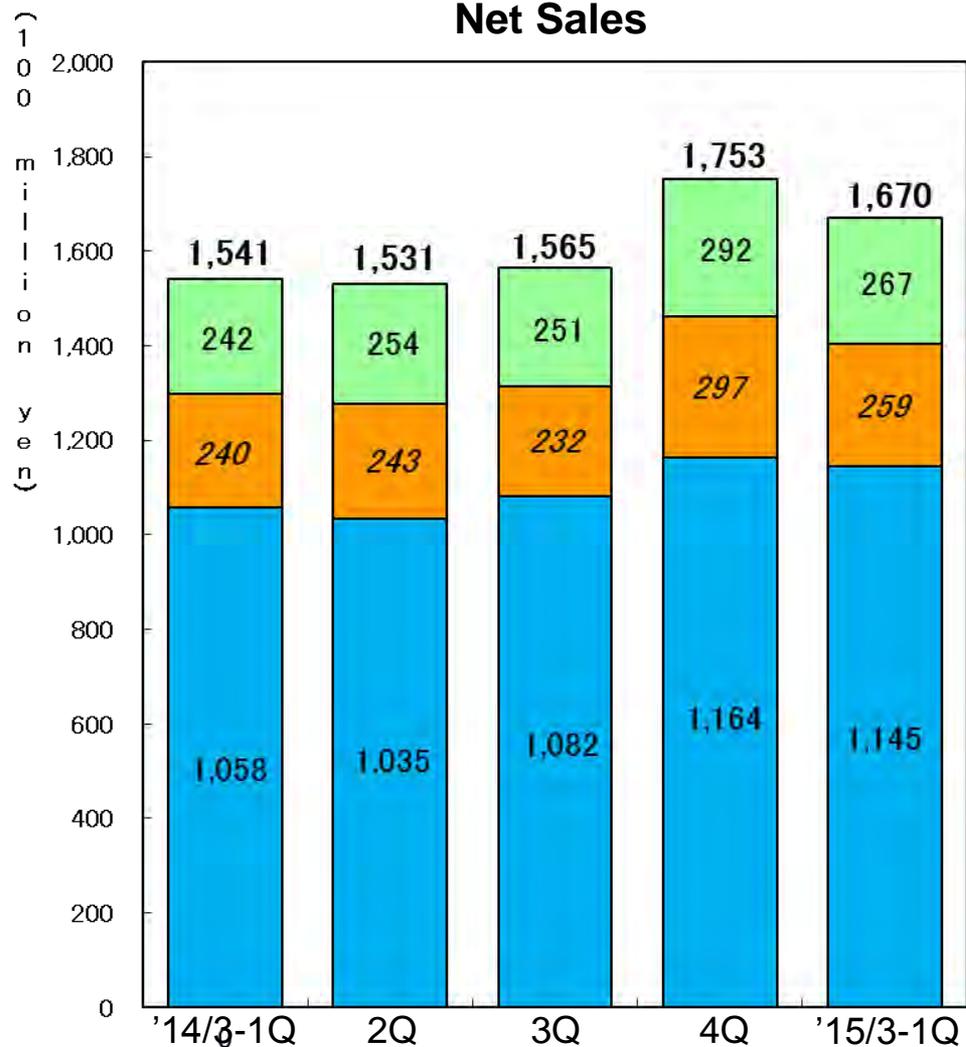
FY2014	Year on year
1Q Results ②	②-①
44	6
9	5
35	28
88	39

1H Forecast	Full year Forecast
95	195
15	40
50	165
160	400

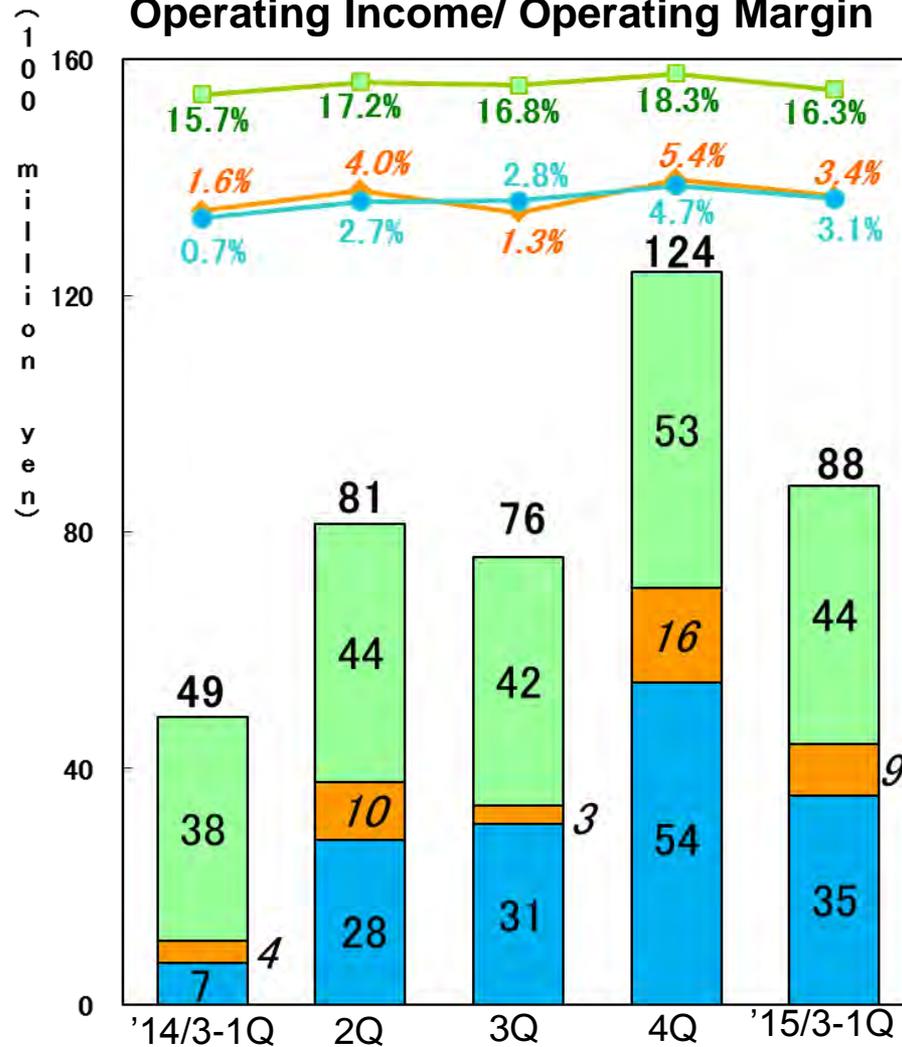
4. Results by Business Sector (Quarterly Trend)

Automotive Industrial machinery Aftermarket

Net Sales

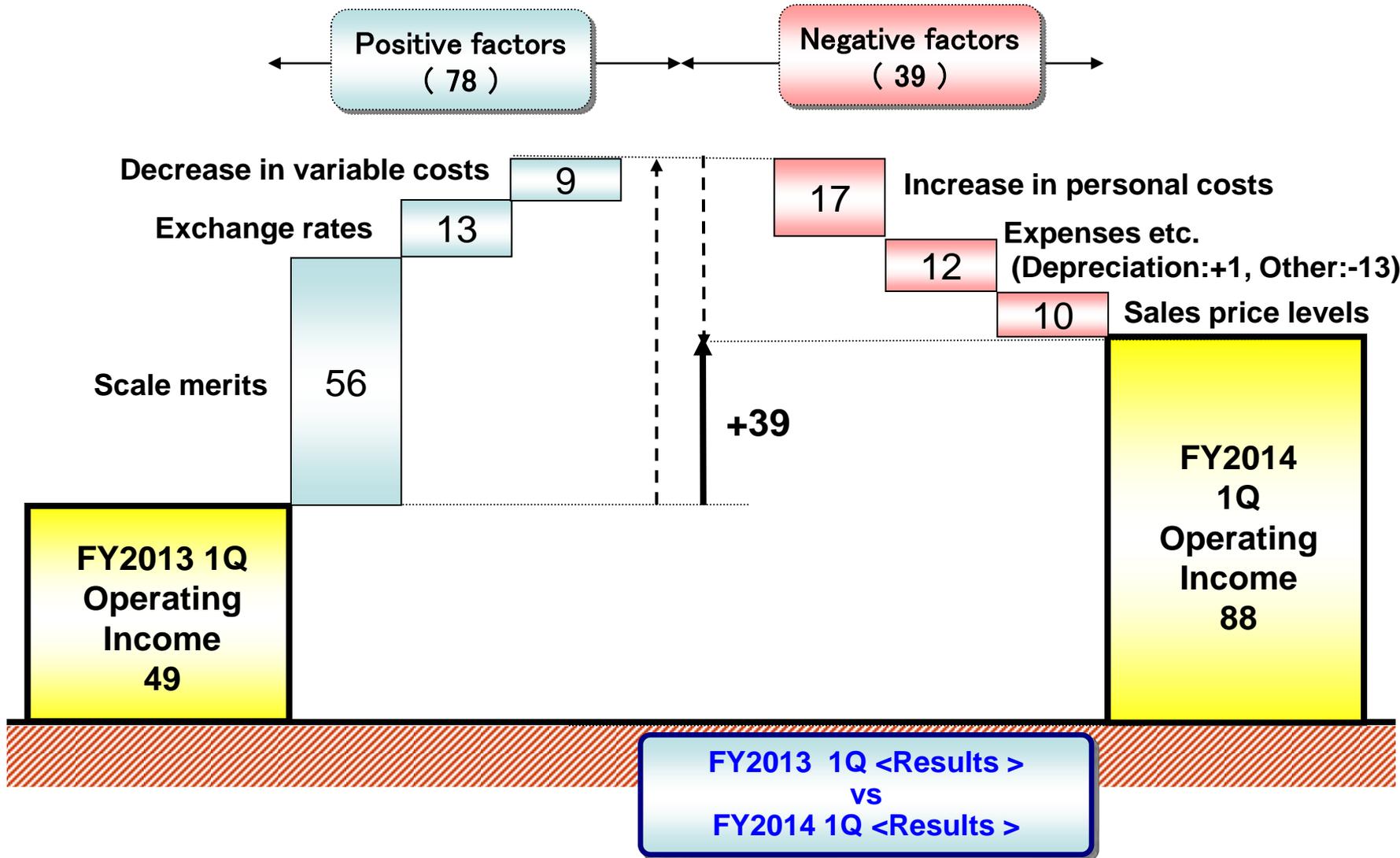


Operating Income/ Operating Margin



5. Analysis of Operating Income (FY2014 1Q)

* All figures in 100 million yen.



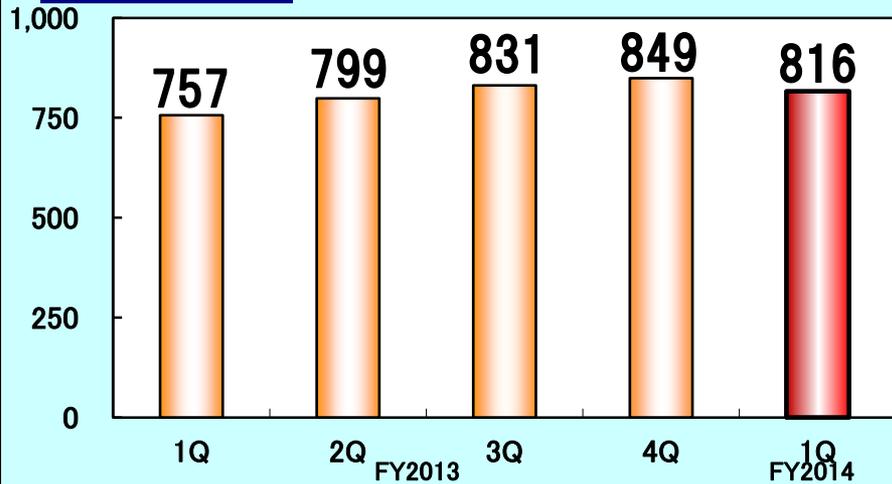
6. Net Sales and Operating Income by Region

《 Japan 》

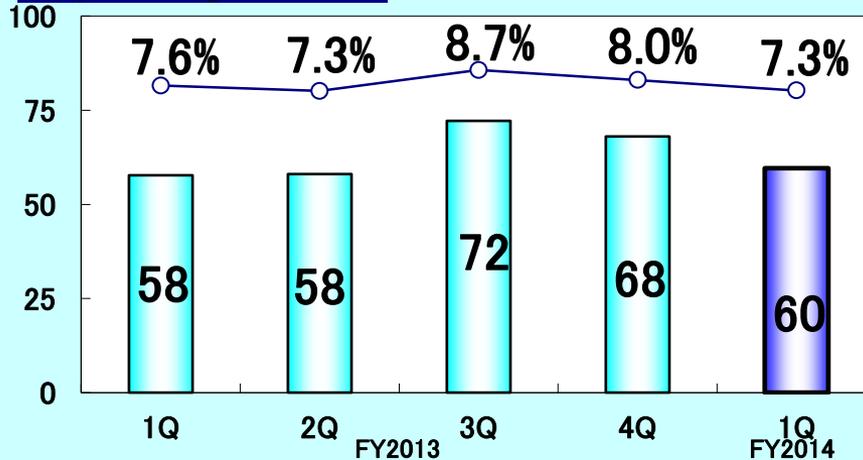
《 Americas 》

Net Sales

(100 million yen)

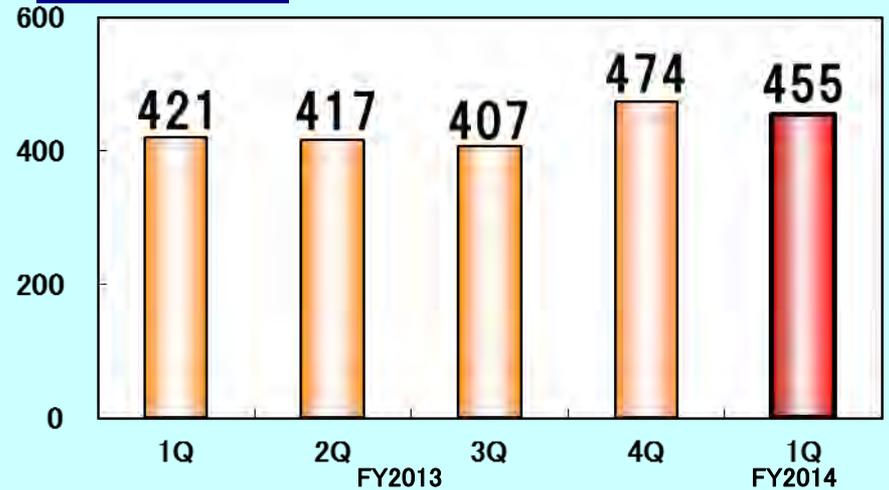


Operating Income

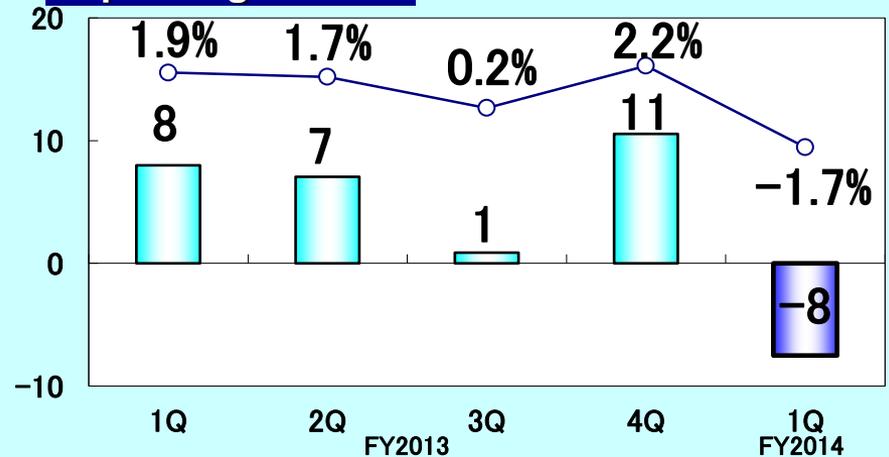


Net Sales

(100 million yen)



Operating Income



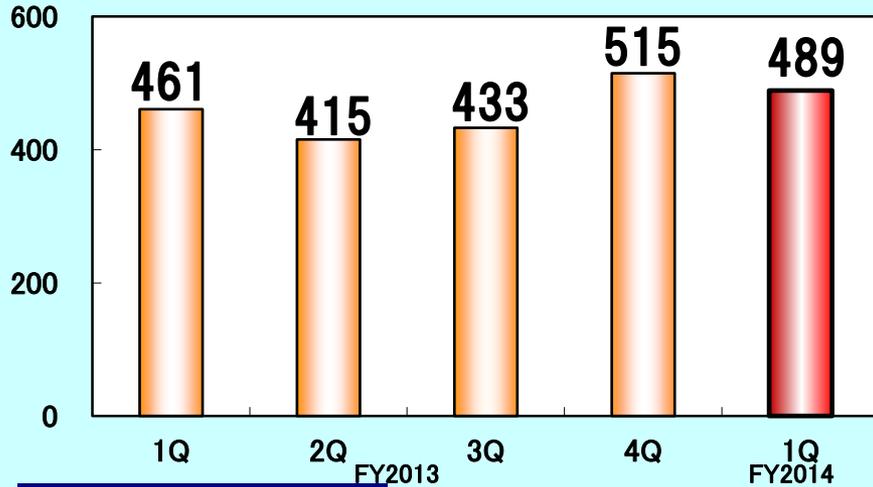
6. Net Sales and Operating Income by Region

《 Europe 》

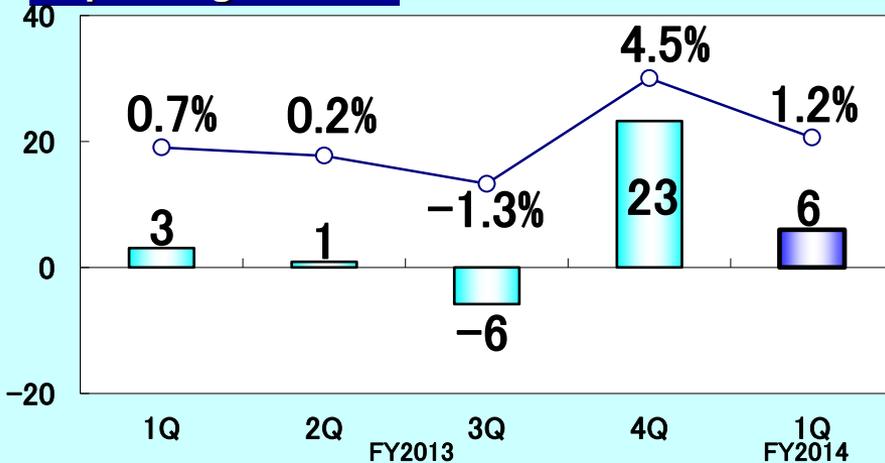
《 Asia & Others 》

Net Sales

(100 million yen)

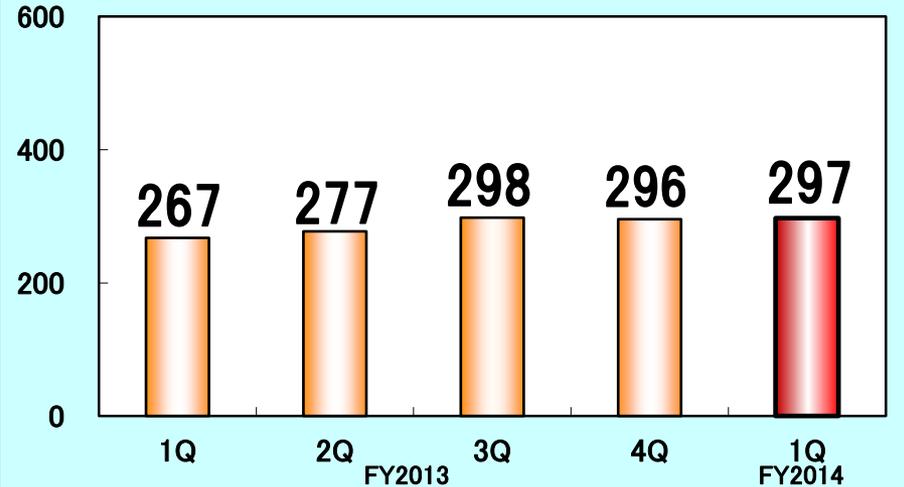


Operating Income

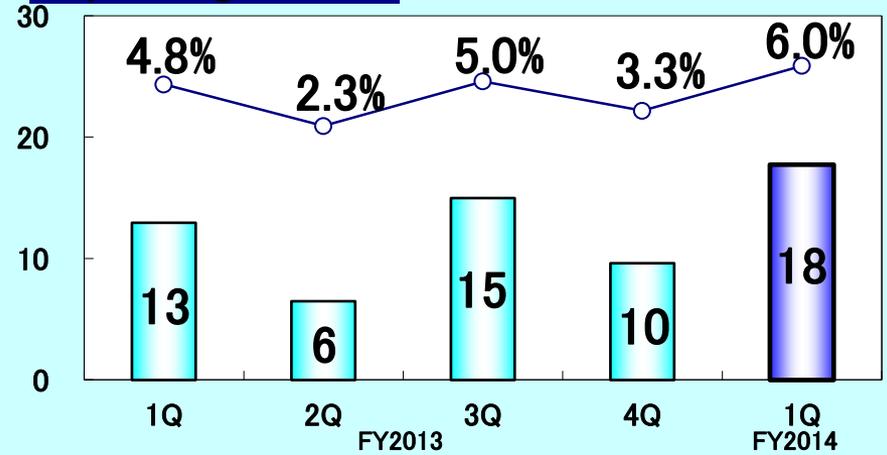


Net Sales

(100 million yen)

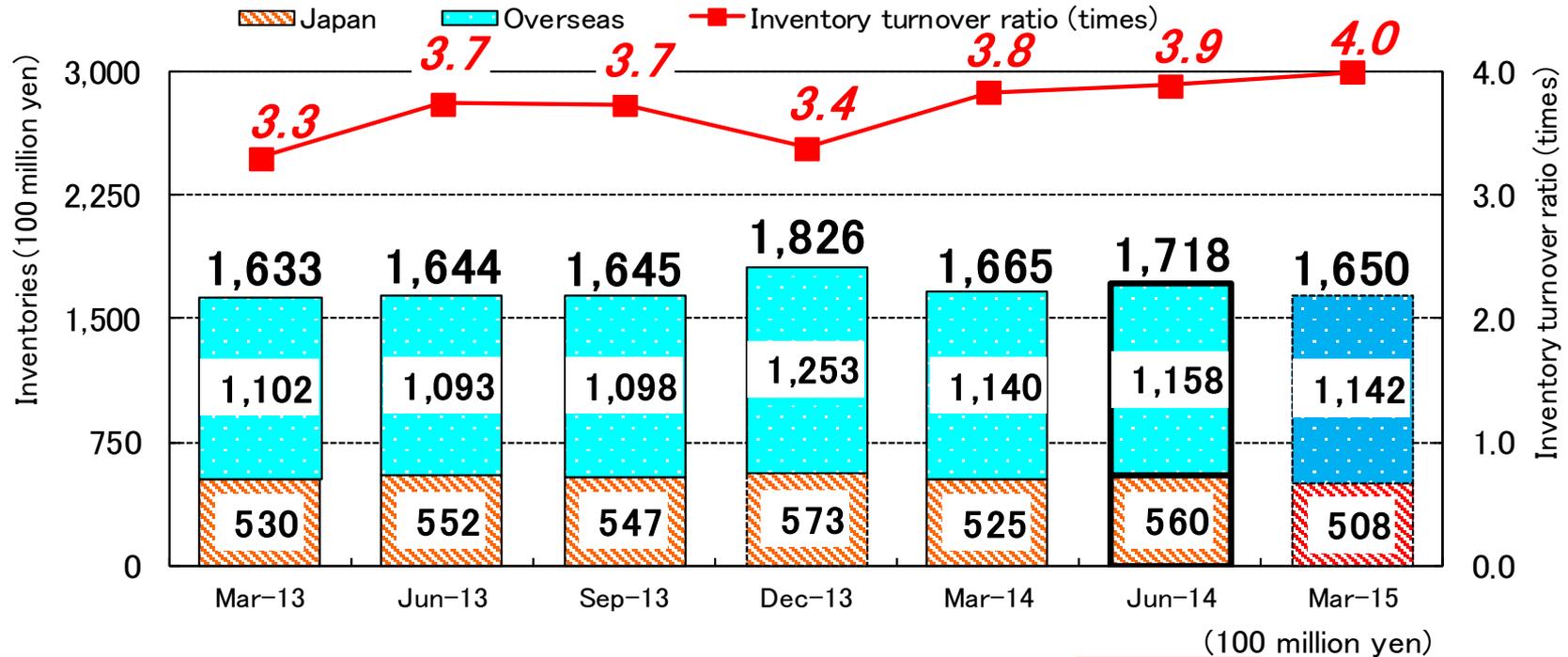


Operating Income



7. Inventories

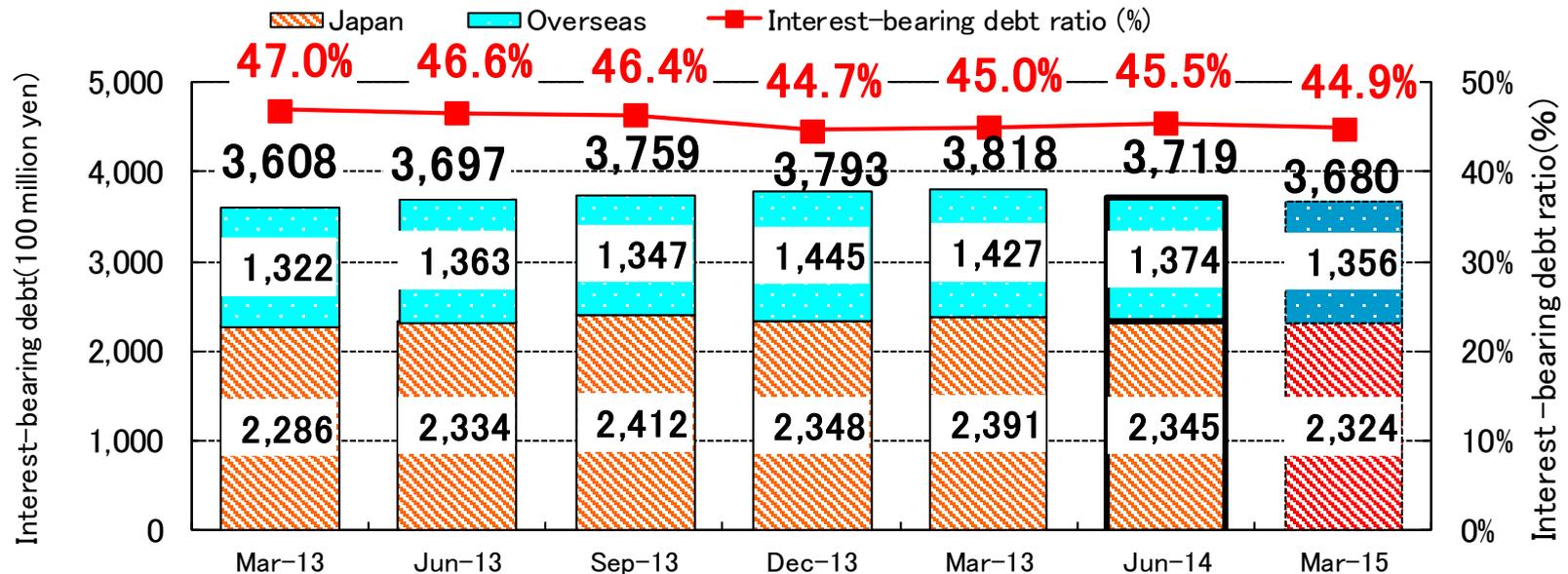
◆ Turnover ratio improved year-on-year.



	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Mar-15
	Results	Results	Results	Results	Results	Results	Forecast
Inventories	1,633	1,644	1,645	1,826	1,665	1,718	1,650
Overseas	(1,102)	(1,093)	(1,098)	(1,253)	(1,140)	(1,158)	(1,142)
Japan	(530)	(552)	(547)	(573)	(525)	(560)	(508)
Inventory turnover ratio (times)	3.3	3.7	3.7	3.4	3.8	3.9	4.0

8. Interest-Bearing Debt

◆ Interest-bearing debt at the end of June 2014 decreased by 9.8 billion yen year-on-year.

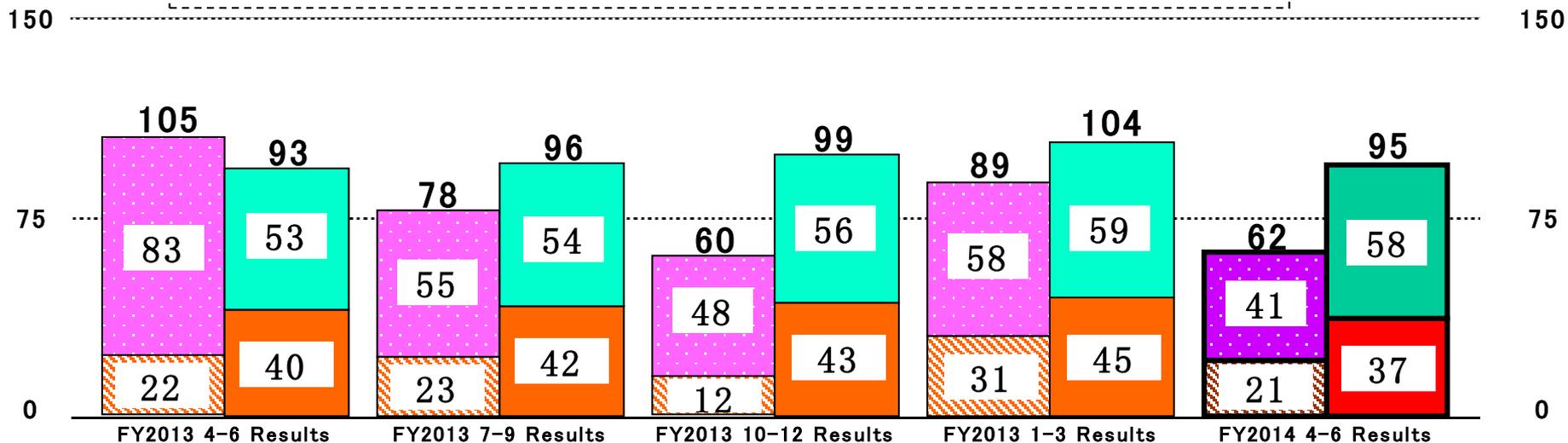
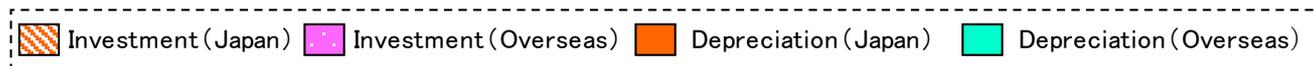


(100 million yen)

	Mar-13 Results	Jun-13 Results	Sep-13 Results	Dec-13 Results	Mar-13 Results	Jun-14 Results	Mar-15 Forecast
Interest-bearing debt	3,608	3,697	3,759	3,793	3,818	3,719	3,680
Overseas	(1,322)	(1,363)	(1,347)	(1,445)	(1,427)	(1,374)	(1,356)
Japan	(2,286)	(2,334)	(2,412)	(2,348)	(2,391)	(2,345)	(2,324)
Net Interest-bearing debt	2,747	2,749	2,600	2,633	2,521	2,688	2,520
Interest-bearing debt ratio (%)	47.0%	46.6%	46.4%	44.7%	45.0%	45.5%	44.9%

9. Capital Expenditure and Depreciation

◆ Capital investment is within the scope of depreciation expenses.

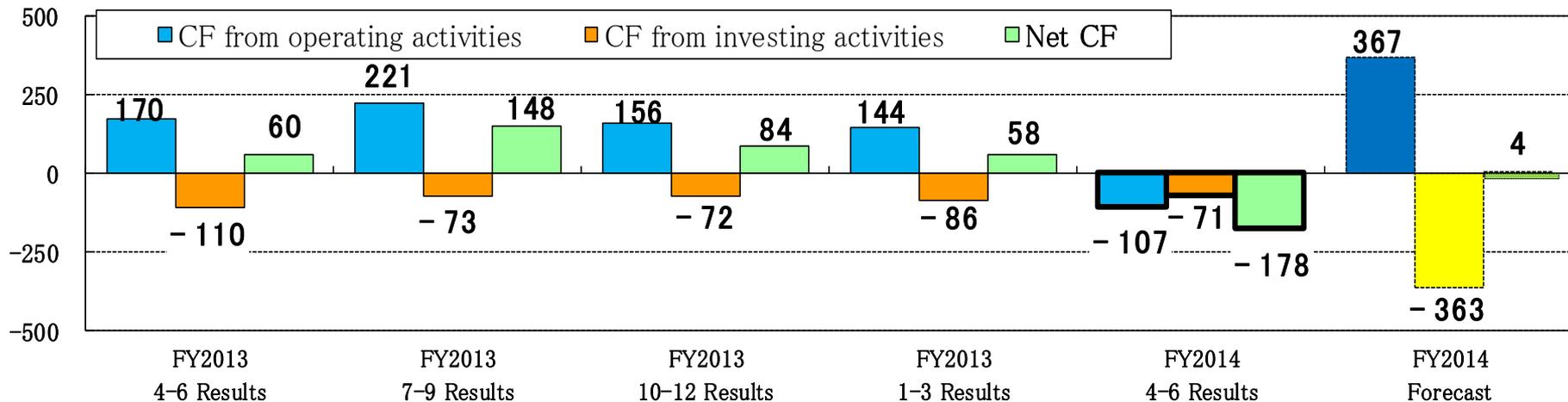


(100 million yen)

	FY2013 4-6 Results①	FY2013 7-9 Results	FY2013 10-12 Results	FY2013 1-3 Results	FY2014 4-6 Results②	②-①	FY2014 Forecast
Capital expenditure	105	78	60	89	62	-43	350
Overseas	(83)	(55)	(48)	(58)	(41)	(-42)	(256)
Japan	(22)	(23)	(12)	(31)	(21)	(-1)	(94)
Depreciation	93	96	99	104	95	2	396
Overseas	(53)	(54)	(56)	(59)	(58)	(5)	(233)
Japan	(40)	(42)	(43)	(45)	(37)	(-3)	(162)

10. Cash Flows

(100 million yen)	FY2013 4-6 Results①	FY2013 7-9 Results	FY2013 10-12 Results	FY2013 1-3 Results	FY2014 4-6 Results②	FY2014 Forecast	②-①
I. Cash flow from operating activities	170	221	156	144	-107	367	-277
II. Cash flow from investing activities	-110	-73	-72	-86	-71	-363	39
III. Cash flow from financing activities	21	60	-81	67	-87	-121	-107
IV. Effect of exchanging rate translation on cash and cash equivalents	6	4	-1	12	-1	-20	-7
V. Net increase in cash and cash equivalents	87	211	1	136	-266	-137	-353



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