

Consolidated Financial Results for the First Quarter of FY2017

August 4, 2017
NTN Corporation

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★Financial Results for the First Quarter of FY2017 Key Factors

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- 3. Net Sales and Operating Income by Business Sector**
- 4. Results by Business Sector (Quarterly Trend)**
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- 6. Net Sales and Operating Income by Company Location**
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- 9. Capital Expenditure and Depreciation**
- 10. Cash Flows**

FY2017 1Q Results

- ◇ Net Sales : **¥179.0 billion, increased by 7.0% year-on-year**
 - Progress rate for the 1st Half (forecast) : **approximately 52%**.
 - Aftermarket applications **increased by approximately 7% year-on-year**, due to the increased sales for the industrial machinery aftermarket and other factors.
 - Industrial machinery applications **increased by approximately 19% year-on-year**, due to the increased sales for construction machinery and other factors.
 - Automotive applications **increased by approximately 5% year-on-year** due to the increased sales in China, Asia and others.
- ◇ Operating Income : **¥8.6 billion, decreased by 21.2% year-on-year**
 - Progress rate for the 1st Half (forecast) : **approximately 57%**, due to the exchange-rates effect related stock evaluation.
- ◇ Net income attributable to shareholder (parent company) :
¥3.9 billion, increased by 5.5% year-on-year

FY2017 Forecast (1st Half & Full year)

- ◇ The forecast for the 1st half and full year remains unchanged due to the uncertainty in automotive market in North America though the sales for industrial machinery applications demonstrate favorable trend.

(billion yen)

1. Consolidated Statements of Operation

	FY2016					FY2017	Year on year			FY2017	
	1Q	2Q	3Q	4Q	Full year	1Q	②-①			1H	Full year
	Results	Results	Results	Results	Results	Results	Total	Volume	Forex	Forecast	Forecast
	①					②					
Net sales	167.3	159.6	171.5	185.0	683.3	179.0	11.8	10.2	1.6	345.0	700.0
Operating income	10.9	4.9	9.0	10.8	35.6	8.6	-2.3	0.0	-2.3	15.0	36.0
Operating margin	(6.5%)	(3.1%)	(5.2%)	(5.8%)	(5.2%)	(4.8%)	(-1.7%)			(4.3%)	(5.1%)
Ordinary income	8.3	3.2	10.0	8.1	29.6	6.7	-1.6	0.8	-2.4	11.0	28.0
Extraordinary income/loss	-0.5	0.3	-2.7	-11.9	-14.7	-	0.5	0.5	-	-5.0	-10.0
Net income*	3.7	2.4	3.6	-6.9	2.8	3.9	0.2	1.8	-1.6	3.0	10.0
Exchange rate	US \$	108.0	102.4	109.3	113.7	108.4	111.1	3.0		110.0	110.0
	EURO	121.9	114.3	117.8	121.1	118.8	122.1	0.2		115.0	115.0

(billion yen)

2. Net Sales by Region

	FY2016					FY2017 1Q Results ②	Year on year ②-①			FY2017	
	1Q Results ①	2Q Results	3Q Results	4Q Results	Full year Results		Total	Volume	Forex	1H Forecast	Full year Forecast
Japan	46.2	46.6	49.4	49.3	191.5	49.2	3.0	3.0	-	96.0	193.0
Americas	47.8	45.6	47.7	53.7	194.8	51.2	3.3	2.0	1.3	99.0	202.5
Europe	41.1	34.2	35.7	44.1	155.0	41.6	0.6	0.6	- 0.0	77.5	156.5
Asia and others	32.2	33.3	38.8	37.9	142.1	37.1	4.9	4.6	0.3	72.5	148.0
Total	167.3	159.6	171.5	185.0	683.3	179.0	11.8	10.2	1.6	345.0	700.0

3. Net Sales and Operating Income by Business Sector

< Net Sales by Business Sector >

(billion yen)

	FY2016				
	1Q Results ①	2Q Results	3Q Results	4Q Results	Full year Results
Aftermarket	25.5	25.2	24.6	29.2	104.5
Industrial machinery	23.5	22.6	24.6	27.9	98.6
Automotive	118.3	111.7	122.3	127.9	480.2
Total	167.3	159.6	171.5	185.0	683.3

FY2017 1Q Results ②	Year on year ②-①		
	Total	Volume	Forex
27.4	1.8	1.6	0.2
28.0	4.5	4.3	0.2
123.7	5.4	4.3	1.1
179.0	11.8	10.2	1.6

FY2017	
1H Forecast	Full year Forecast
52.5	105.5
51.0	102.0
241.5	492.5
345.0	700.0

< Operating Income by Business Sector >

(billion yen)

	FY2016				
	1Q Results ①	2Q Results	3Q Results	4Q Results	Full year Results
Aftermarket	3.8	2.9	3.1	4.1	14.0
Industrial machinery	0.7	-0.3	0.2	1.1	1.6
Automotive	6.4	2.3	5.7	5.6	20.0
Total	10.9	4.9	9.0	10.8	35.6

FY2017 1Q Results ②	Year on year ②-①
	3.7
0.6	- 0.1
4.3	- 2.2
8.6	- 2.3

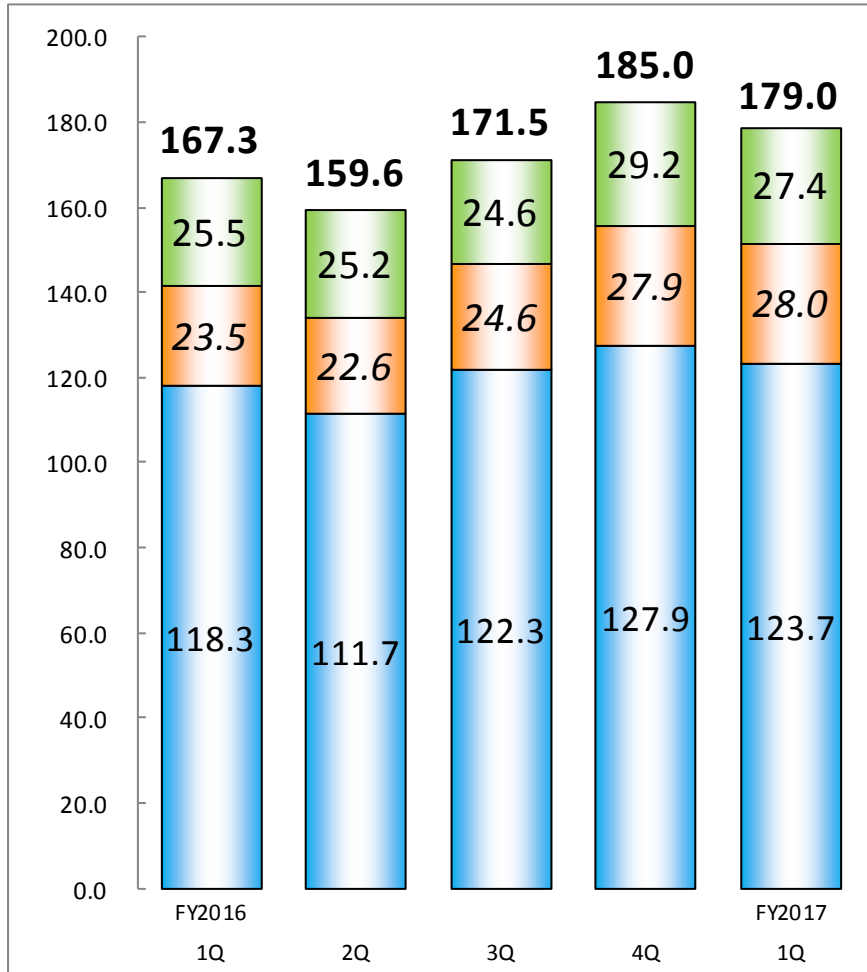
FY2017	
1H Forecast	Full year Forecast
7.0	15.0
0.8	2.1
7.2	18.9
15.0	36.0

4. Results by Business Sector (Quarterly Trend)

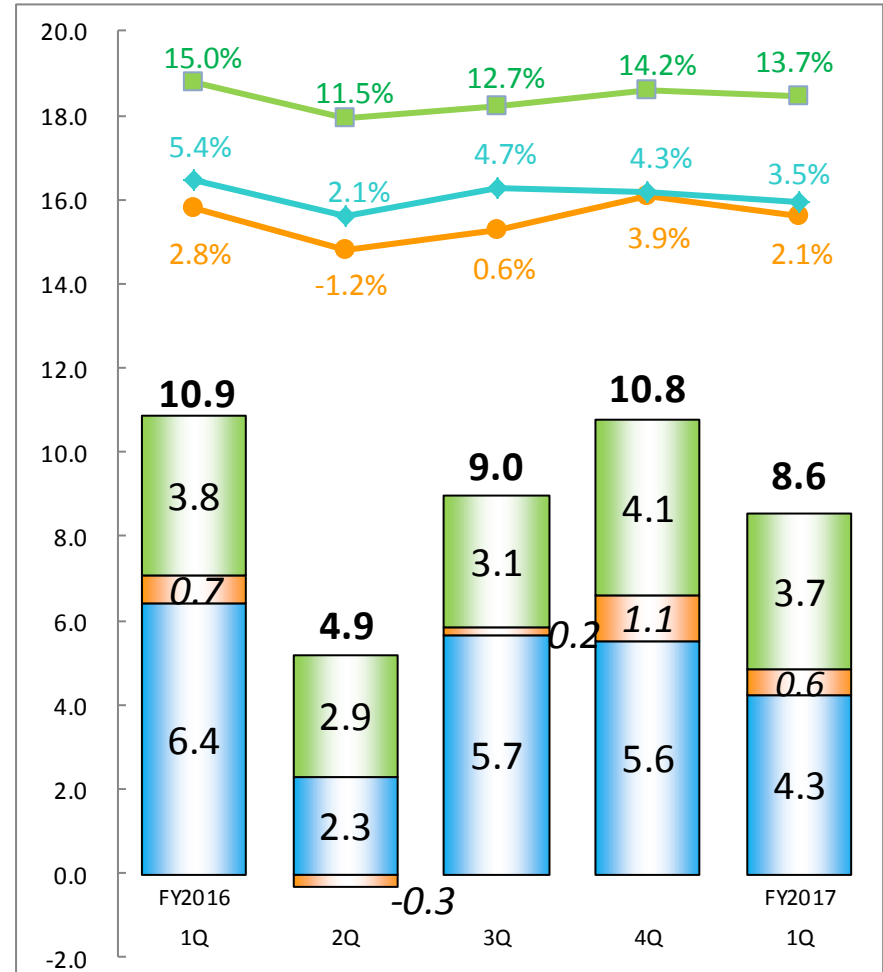
* All figures in billion yen.

Automotive Industrial machinery Aftermarket

Net Sales

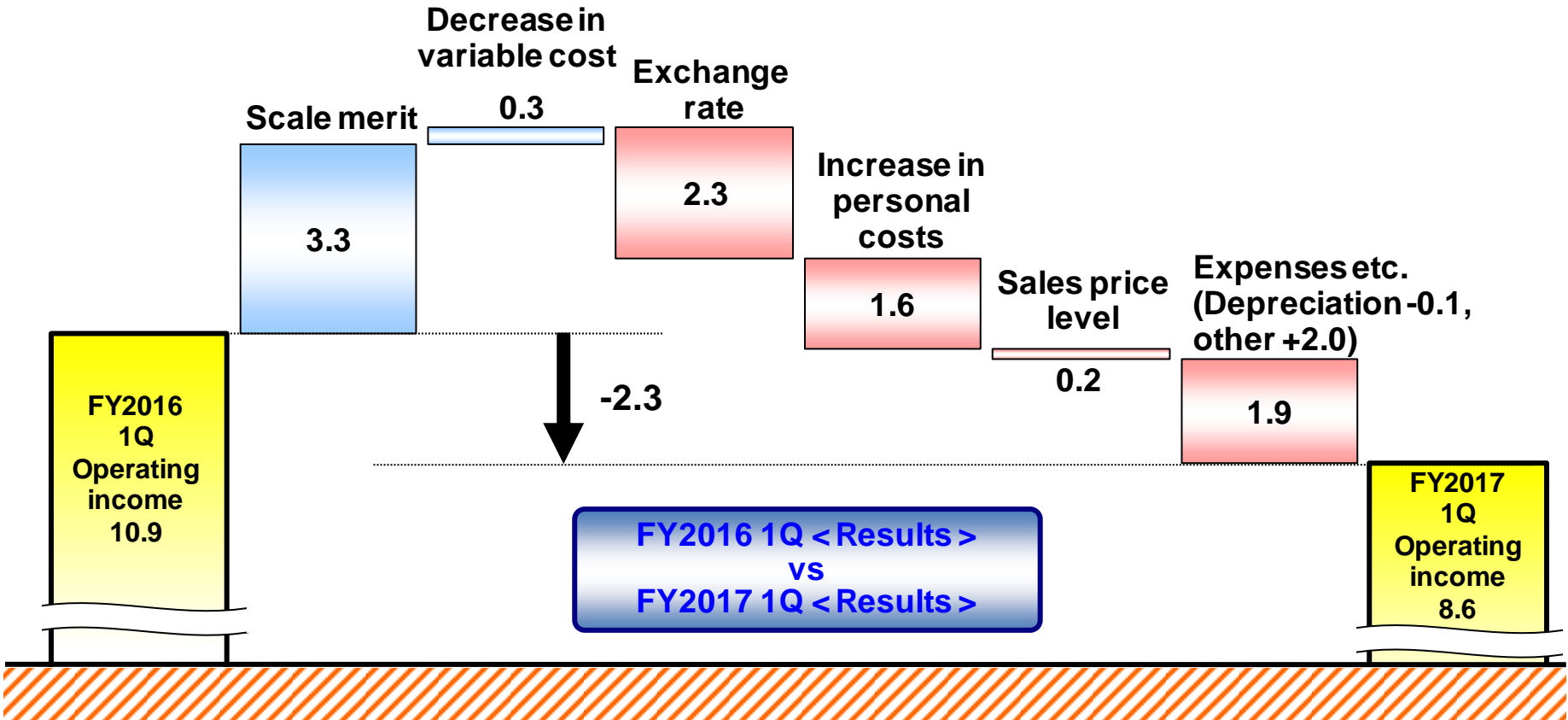
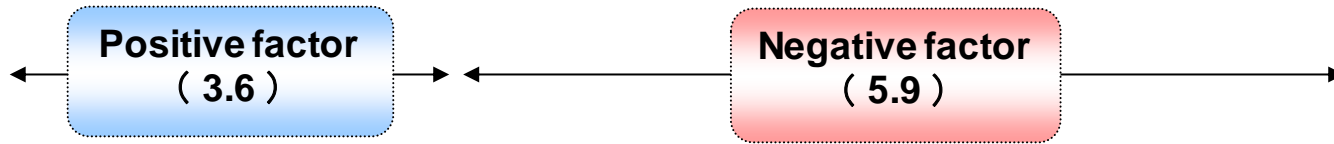


Operating Income/Operating Margin



5. Analysis of Operating Income (FY2017 1Q)

* All figures in billion yen.



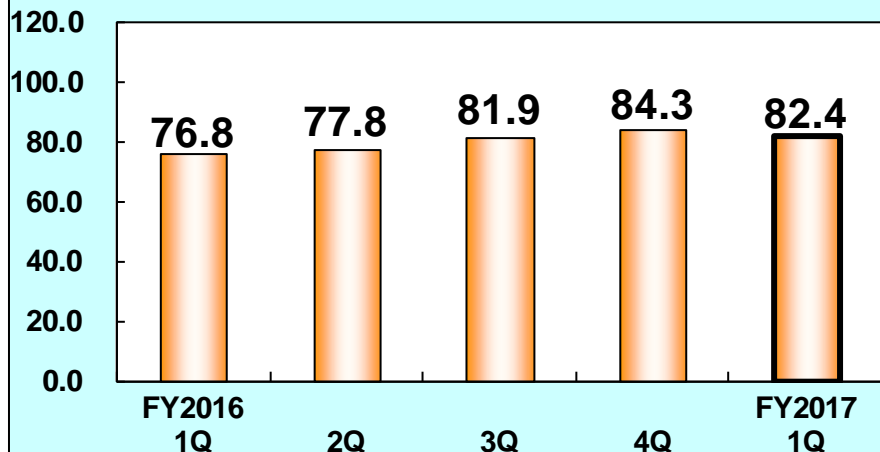
6. Net Sales and Operating Income by Company Location

* All figures in billion yen

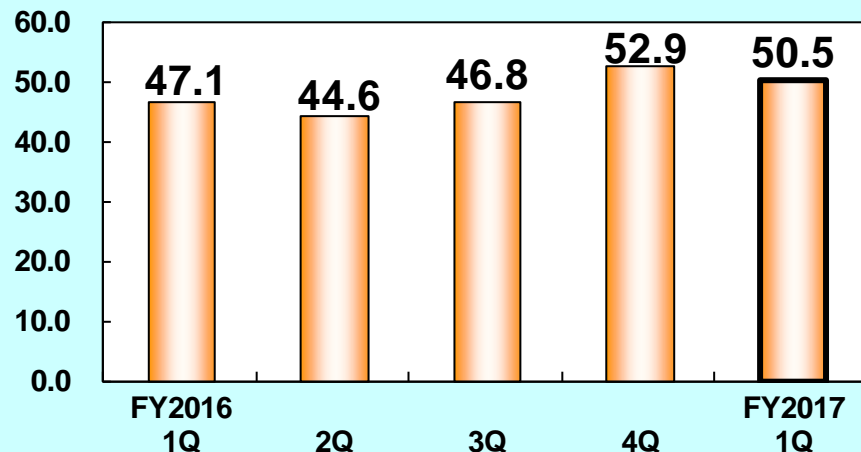
《 Japan 》

《 Americas 》

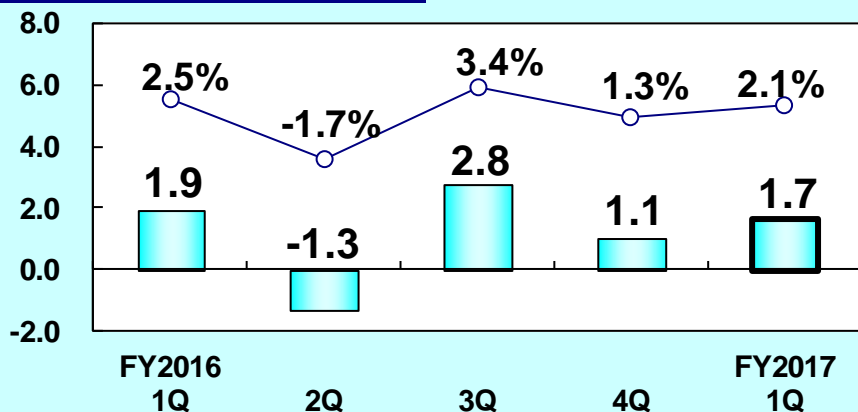
Net Sales



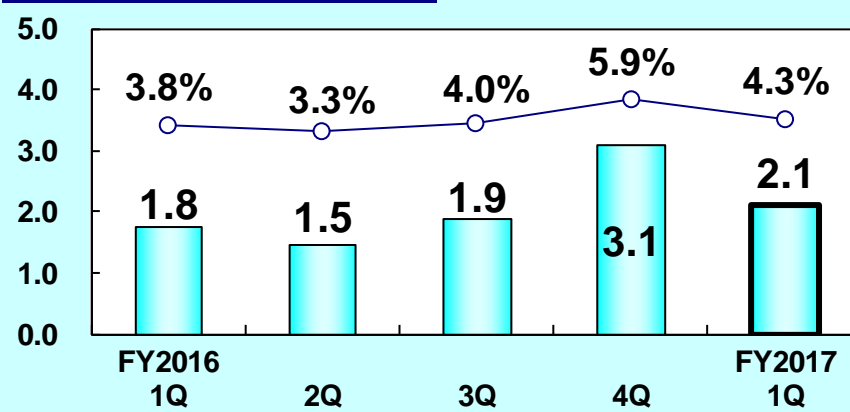
Net Sales



Operating Income



Operating Income



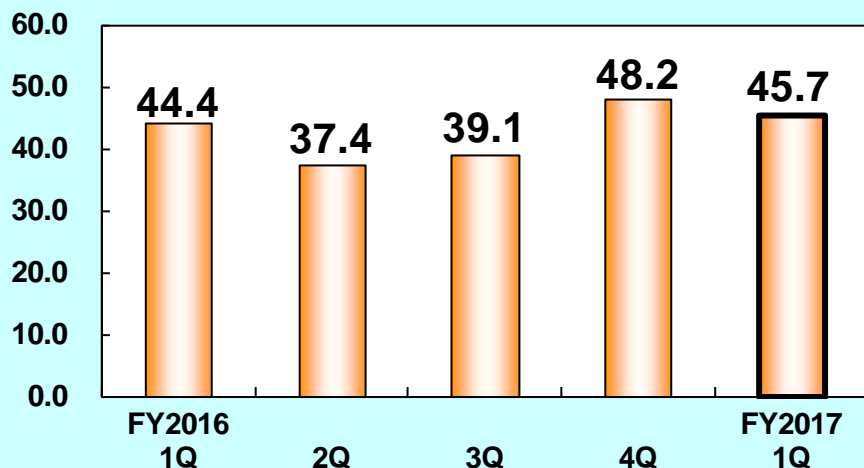
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* All figures in billion yen

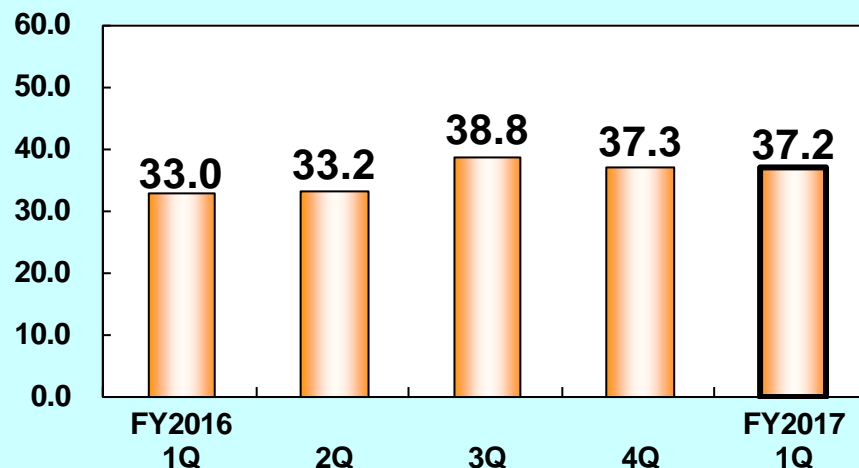
《 Europe 》

《 Asia and others 》

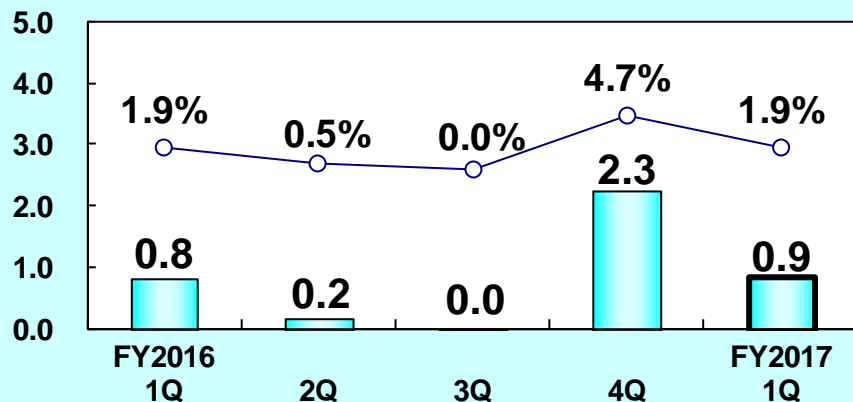
Net Sales



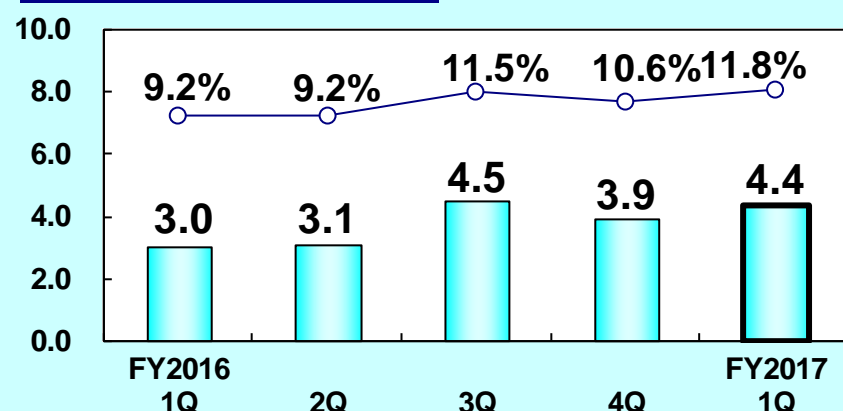
Net Sales



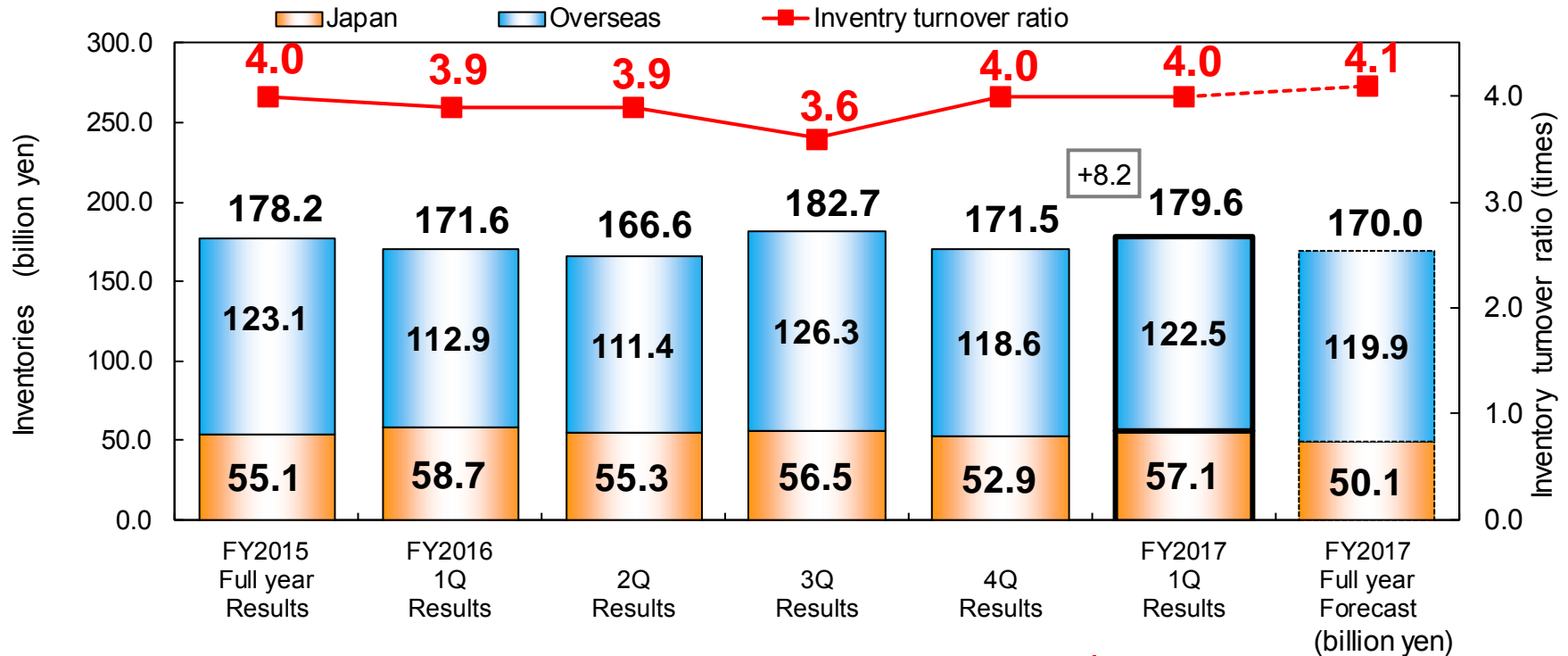
Operating Income



Operating Income

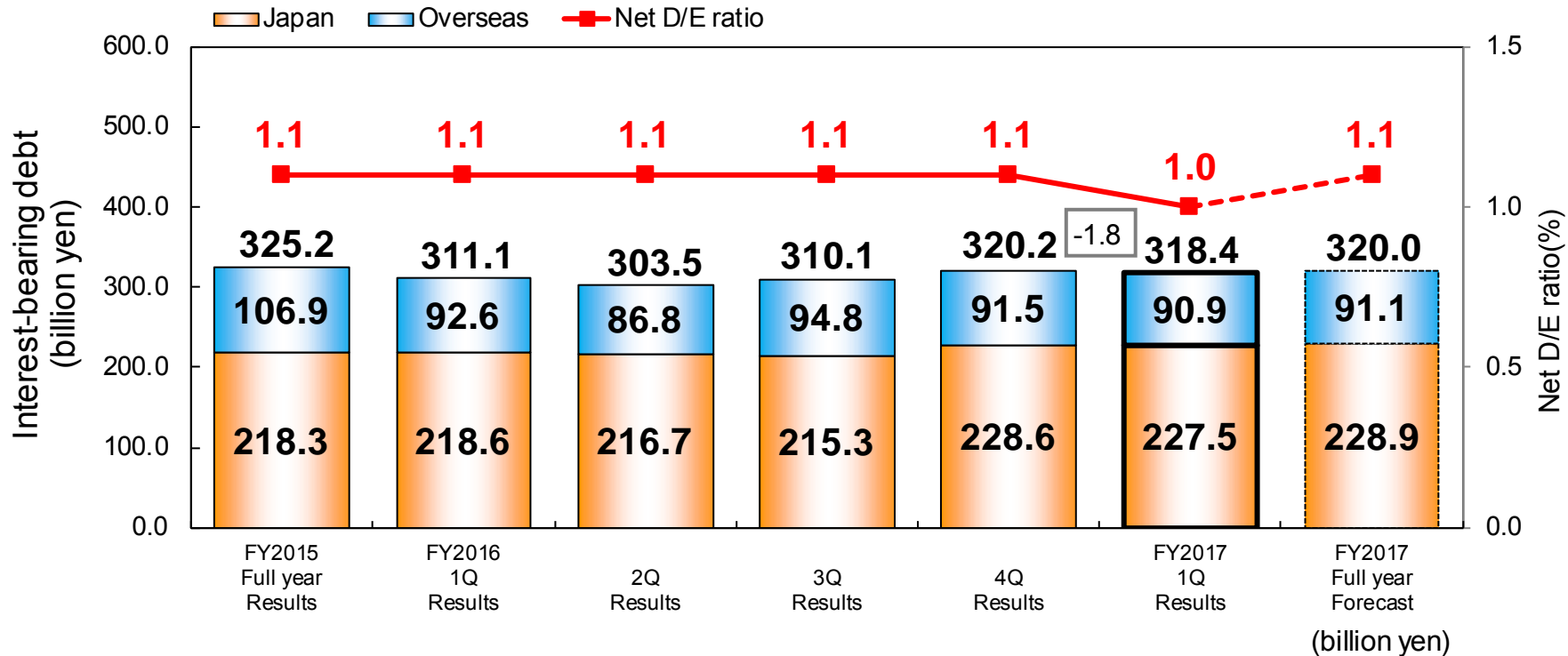


7. Inventories



	FY2015 Full year Results	FY2016 1Q Results	FY2016 2Q Results	FY2016 3Q Results	FY2016 4Q Results	FY2017 1Q Results	FY2017 Full year Forecast
Inventories	178.2	171.6	166.6	182.7	171.5	179.6	170.0
Overseas	(123.1)	(112.9)	(111.4)	(126.3)	(118.6)	(122.5)	(119.9)
Japan	(55.1)	(58.7)	(55.3)	(56.5)	(52.9)	(57.1)	(50.1)
Inventory turnover ratio (times)	4.0	3.9	3.9	3.6	4.0	4.0	4.1

8. Interest-Bearing Debt

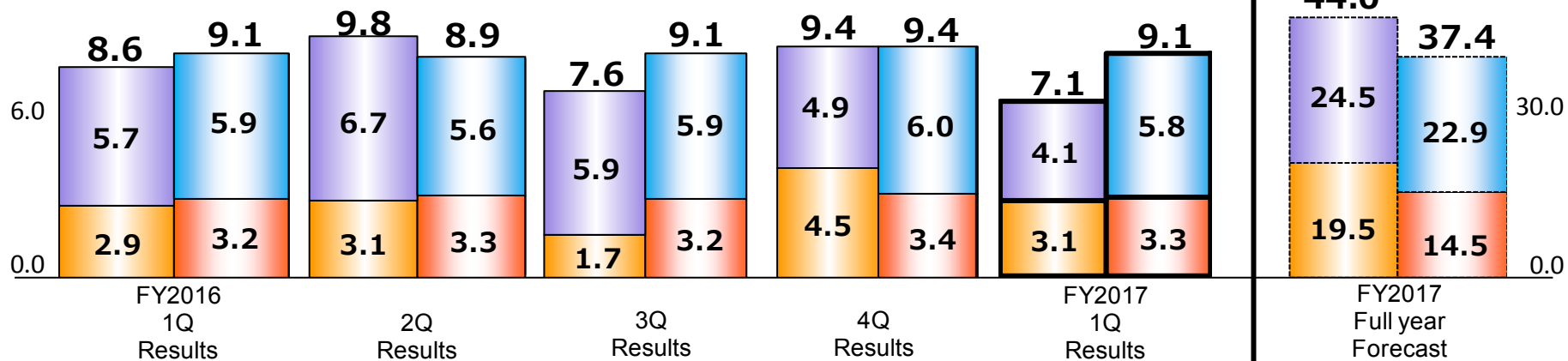


	FY2015 Full year Results	FY2016 1Q Results	FY2016 2Q Results	FY2016 3Q Results	FY2016 4Q Results	FY2017 1Q Results	FY2017 Full year Forecast
Interest-bearing debt	325.2	311.1	303.5	310.1	320.2	318.4	320.0
Overseas	(106.9)	(92.6)	(86.8)	(94.8)	(91.5)	(90.9)	(91.1)
Japan	(218.3)	(218.6)	(216.7)	(215.3)	(228.6)	(227.5)	(228.9)
Net Interest-bearing debt	257.9	243.2	238.0	252.6	240.9	239.2	245.7

9. Capital Expenditure and Depreciation

(billion yen) Investment(Japan) Investment(Overseas) Depreciation(Japan) Depreciation(Overseas)

12.0

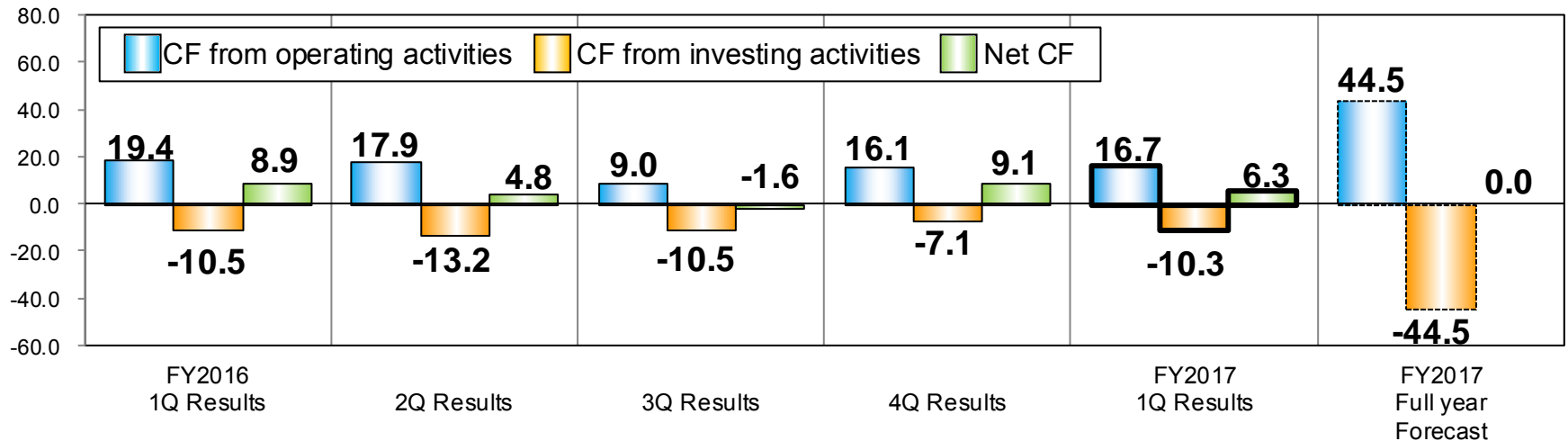


(billion yen)

	FY2016				FY2017	Year on year	FY2017 Forecast
	1Q Results①	2Q Results	3Q Results	4Q Results	1Q Results②	②-①	
Capital expenditure	8.6	9.8	7.6	9.4	7.1	-1.4	44.0
Overseas	(5.7)	(6.7)	(5.9)	(4.9)	(4.1)	(-1.6)	(24.5)
Japan	(2.9)	(3.1)	(1.7)	(4.5)	(3.1)	(0.2)	(19.5)
	FY2016				FY2017	Year on year	FY2017 Forecast
	1Q Results①	2Q Results	3Q Results	4Q Results	1Q Results②	②-①	
Depreciation	9.1	8.9	9.1	9.4	9.1	-0.1	37.4
Overseas	(5.9)	(5.6)	(5.9)	(6.0)	(5.8)	(-0.1)	(22.9)
Japan	(3.2)	(3.3)	(3.2)	(3.4)	(3.3)	(0.0)	(14.5)

10. Cash Flows

(billion yen)	FY2016				FY2017	FY2017	②-①
	1Q Results①	2Q Results	3Q Results	4Q Results	1Q Results②	Forecast	
I . Cash flow from operating activities	19.4	17.9	9.0	16.1	16.7	44.5	-2.7
II . Cash flow from investing activities	-10.5	-13.2	-10.5	-7.1	-10.3	-44.5	0.1
I + II . Net cash flow	8.9	4.8	-1.6	9.1	6.3	0.0	-2.6
III . Cash flow from financing activities	-6.9	-6.0	-8.4	13.0	-6.9	-4.5	-0.1
IV . Effect of exchanging rate translation on cash and cash equivalents	-1.4	-1.2	1.9	-0.3	0.5	-0.5	1.9
V . Net increase in cash and cash equivalents	0.6	-2.4	-8.0	21.8	-0.1	-5.0	-0.8



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